





# SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1962

No. 83

UNITED STATES, APPELLANT,

vs.

THE PHILADELPHIA NATIONAL BANK, ET AL.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF PENNSYLVANIA

Volume III

## INDEX

Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued  
Transcript of trial, June 5-August 3, 1961—Continued  
Testimony of—Continued

	Original	Print
Oliver S. Twist—direct	4157	2081
—cross	4166	2087
Duncan Merriwether—direct	4173	2089
—cross	4201	2106
—redirect	4211	2111
—recross	4215	2113
Charles A. Andrews—direct	4217	2115
Gustave G. Amsterdam—direct	4232	2123
—cross	4253	2134
Joseph T. Wilson, Jr.—direct	4257	2137
—cross	4278	2149
P. James Deasy—direct	4279	2149
—cross	4290	2156
Deposition of Charles E. Oakes read into the record—direct	4301	2162
Testimony of Anthony Ferraro—direct	4341	2182
—cross	4347	2186

Record from the United States District Court for the  
 Eastern District of Pennsylvania—Continued  
 Transcript of trial, June 5-August 3, 1961—Continued

	Original	Print
Deposition of Charles E. Oakes read into the record, resumed—cross	4352	2189
—redirect	4388	2208
Deposition of George H. Brown, Jr., read into the record—direct	4394	2211
Testimony of Perch P. Hankin—direct	4459	2250
—cross	4468	2255
Francis P. Rainer—direct	4473	2258
—cross	4479	2262
Deposition of George H. Brown, Jr., read into the record, resumed—direct	4480	2262
Testimony of Richard Graves—direct	4498	2271
—cross	4518	2282
—redirect	4524	2286
Richardson Dilworth—direct	4525	2287
—cross	4532	2291
Offers in evidence	4538	2294
Government's rebuttal evidence:		
Testimony of Warren L. Smith, recalled—direct	4551	2300
—cross	4582	2317
Warren L. Smith, recalled—redirect	4609	2334
—recross	4613	2336
Offers in evidence	4627	2344

GOVERNMENT'S EXHIBITS

1 (S)	Document headed "Table 1," "Number of Banking Offices of Commercial Banks with Head Offices in Philadelphia, Montgomery, Delaware and Bucks Counties in Pennsylvania"	5637	2347
2 (S)	Document headed "Table 2," "Comparison of Total Deposits and Deposits of Individuals, Partnerships and Corporations of the Philadelphia National Bank and Girard Trust Corn Exchange Bank with Such Deposits of All Commercial Banks with Head Offices in Philadelphia, Montgomery, Delaware and Bucks Counties in Pennsylvania as of October 3, 1960"	5639	2348

Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued  
GOVERNMENT'S EXHIBITS—Continued

		Original	Print
3 (S)	Document headed "Table 3," "Comparison of Total Net Loans of the Philadelphia National Bank and Girard Trust Corn Exchange Bank with Such Loans of All Commercial Banks with Head Offices in Philadelphia, Montgomery, Delaware and Bucks Counties in Pennsylvania, as of October 3, 1960"	5641	2351
4 (S)	Document headed "Table 4," "Comparison of Capital Funds of the Philadelphia National Bank and Girard Trust Corn Exchange Banks with Such Capital of All Commercial Banks with Head Offices in Philadelphia, Montgomery, Delaware and Bucks Counties in Pennsylvania as of October 3, 1960"	5643	2352
5	Document headed "Table 5," "Comparison of Deposits Due to Banks in the Philadelphia National Bank and Girard Trust Corn Exchange Bank with Such Deposits of the Principal Other Commercial Banks in Philadelphia Holding Such Deposits as of October 3, 1960"	5645	2353
6 (S)	Document headed "Table 6-A," "Analysis of Loans of the Philadelphia National Bank and Girard Trust Corn Exchange Bank and Comparison of Their Combined Loans with Total Loans of Commercial Banks with Head Offices in Philadelphia and with Total Loans of Commercial Banks with Head Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania, as of June 15, 1960"	5646	2355
6-A	Document headed "Table 6-A, Percentage Analysis of Loans and Discounts of Philadelphia National Bank, Girard Trust Corn Exchange Bank and All Commercial Banks with Head Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania, as of June 15, 1960"	5647	2357

Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued  
GOVERNMENT'S EXHIBITS—Continued

		Original	Print
7 (S)	Document headed "Table 7," "Analysis of Deposits of the Philadelphia National Bank and Girard Trust Corn Exchange Bank and Comparison of Their Combined Deposits with Total Deposits of Commercial Banks with Head Offices in Philadelphia and with Total Deposits of Commercial Banks with Head Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania, as of June 15, 1960"	5648	2359
7-A	Document headed "Table 7-A, Analysis of Deposits of Philadelphia National Bank, Girard Trust Corn Exchange Bank and All Commercial Banks with Head Offices in Philadelphia, Delaware, Montgomery & Bucks Counties, Pennsylvania, as of June 15, 1960"	5649	2361
8 (S)	Document headed "Table 8," "Comparison of Total Assets of The Philadelphia National Bank and Girard Trust Corn Exchange Bank with Total Assets of All Commercial Banks with Main Offices in Philadelphia and with Total Assets of All Commercial Banks with Main Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania, as of June 30, 1960"	5650	2362
9 (S) (Revised)	Document headed "Table 9 (Revised)," entitled "Analysis of Commercial and Industrial Loans of Philadelphia National Bank as of October 5, 1955, by Location of Borrower"	5651	2363
9-A	Reprint entitled, "Business Loans of Member Banks", from Federal Reserve Bulletin for April 1956	5654	2367
10 (S)	Document headed "Table 10 (Revised)," "Analysis of Commercial and Industrial Loans of Girard Trust Corn Exchange Bank as of October 5, 1955, by Location of Borrower"	5668	2381
11	Document headed "Table 11," entitled "Number of Commercial Banks and Offices in the United States, 1900-1960"	5670	2384
12	Document headed, "Table 12," entitled "Number of Commercial Banking Facilities in Pennsylvania as of December 31 of the years 1945, 1950, 1955, and 1959"	5671	2384

# INDEX

V

## Record from the United States District Court for the Eastern District of Pennsylvania—Continued GOVERNMENT'S EXHIBITS—Continued

		Original	Print
13 (S)	Document headed "Table 13," "Summary of Number of Commercial Banks and Banking Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania, as of December 31, 1947, June 30, 1956, and October 3, 1960"	5672	2385
14 (S)	Document headed "Table 14," "Major Structural Changes Affecting the Number of Commercial Banks and Commercial Bank Offices in the United States, by Years 1940, 1945 Through 1960"	5673	2386
15 (S)	Document headed "Table 15," "Summary of Savings and Time Deposits of Girard Trust Corn Exchange Bank by Location of Depositors"	5674	2387
16 (S)	Document headed "Table 16," "Concentration of Assets of Insured Commercial Banks in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania in 1947, 1950, 1956 and 1960, and Effect of Proposed Merger upon Such Concentration of Assets"	5675	2388
17 (S)	Document headed "Table 17," "Large Loans and Lines of Credit of Girard Trust Corn Exchange Bank Outstanding on September 21, 1960, by Location of Borrower"	5676	2390
18 (S)	Document headed "Table 18," "Summary of Loans and Lines of Credit of Philadelphia National Bank Outstanding on September 21, 1960, by Location of Borrower"	5677	2391
19	Document headed "Table 19," entitled "PNB and Girard Commercial Loans \$50,000 or More (Category #5 on Call Report)"	5679	2392
20 (S)	Document headed "Table 20, Girard—Loans and Lines of Credit Under \$50,000"	5680	2393
21 (S)	Document headed "Table 21, Philadelphia National Bank—Loans and Lines of Credit Under \$50,000"	5681	2394
22	Document headed "Table 22," entitled "Philadelphia National Bank, Commercial & Industrial Loans \$50M & Over Outstanding September 21, 1960"	5683	2396

Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued

GOVERNMENT'S EXHIBITS—Continued

		Original	Print
23	Document headed "Table 23, Revised,"		
(Revised)	"Girard Trust Corn Exchange Bank, Commercial & Industrial Loans, \$50M & Over Outstanding September 21, 1960"	5684	2398
24	Document headed "Table 24," "Com- mercial & Industrial Loans \$50,000 and Over Merging Banks' Combined Totals"	5685	2400
(Revised)			
25	Document headed "Table 25," "Phila- delphia National Bank, All Loans \$50M & Over, Except Commercial & Indus- trial Outstanding September 21, 1960"	5686	2402
(Revised)			
26	Document entitled "Table 26, Girard Trust Corn Exchange Bank, All Loans \$50M & Over, Except Commercial & Industrial Outstanding September 21, 1960"	5687	2404
27	Document entitled "Table 27, Revised,"		
(Revised)	All Loans \$50M and Over Except Com- mercial & Industrial Merging Banks' Combined Totals Outstanding Septem- ber 21, 1960"	5688	2406
28 (S)	Document entitled "Table 28, Phila- delphia National Bank, All Personal & Business Demand Deposit Accounts \$10M & Over"	5689	2408
28-A (S)	Document entitled "Table 28-A," Time Deposits; \$10M & Over, and Govern- ment Demand Deposits of Philadelphia National Bank in Philadelphia, Bucks, Delaware and Montgomery Counties, Pennsylvania, as of June 1960	5690	2410
29	Individual, Partnership and Corpora- tion Demand Deposit Accounts \$10M and over of Philadelphia National Bank, Girard Trust Corn Exchange Bank, and Merging Banks combined	5691	2411
(Revised)			
G-30 (S)	Document headed "Table 30," Analy- sis of 100 Largest IPC Demand De- posit Accounts of Girard Trust Corn Exchange Bank and 100 Largest IPC Demand Deposit Accounts of Phila- delphia National Bank by Location of Such Depositors	5692	2412



# INDEX

vii

## Record from the United States District Court for the Eastern District of Pennsylvania—Continued

### GOVERNMENT'S EXHIBITS—Continued

		Original	Print
31 (S)	Document headed "Table 31, The Philadelphia National Bank, Number and Location of Savings Accounts and Time Deposits Under \$10,000 as of March 31, 1961"	5693	2413
32	Document entitled "Table 32, Relative Ranking of the Five Largest Philadelphia Banks by Total Deposits"	5694	2413
33-B	Chart entitled "Financial History of the Philadelphia National Bank and Girard Trust Corn Exchange Bank"	5695	2415
34	Document entitled "Chart II, Concentration of Assets of Insured Commercial Banks in Philadelphia as of June 30, 1950, and June 30, 1960, and Effect of Proposed Merger Upon Such Concentration"	5696	2416
35	Document entitled "Chart III, Concentration of Assets of Insured Commercial Banks in Philadelphia, Delaware, Montgomery, and Bucks Counties, Pennsylvania, as of June 30, 1950, and June 30, 1960, and Effect of Such Proposed Merger Upon Such Concentration"	5697	2417
45 (S)	Document entitled "Comparison of Proposed Service Charges of 'Resulting' Bank with Service Charges of Philadelphia National Bank and Girard Trust Corn Exchange Bank Immediately Prior to Their Application to Merge"	5698	2419
52	Document entitled "Hypothetical Illustration of Expansion of Credit by Commercial Banks"	5699	2420
54	Document headed "Table IIa," entitled "Consolidated Balance Sheet All Commercial Banks in the United States December 31, 1960"	5702	2422
55	Document headed "Table III," entitled "Loans and Investments of All Commercial Banks December 31, 1960"	5703	2423
56	Document headed "Table IIIa," entitled "Assets of Savings and Loan Associations in the United States December 31, 1959"	5704	2423

Record from the United States District Court for the  
 Eastern District of Pennsylvania—Continued  
 GOVERNMENT'S EXHIBITS—Continued

		Original	Print
G-57	Application for approval to merge Girard Trust Corn Exchange Bank into The Philadelphia National Bank (See Table of Contents, page 2424)*	5705	2423
58	Document headed "Table IIIb, Assets of Mutual Savings Banks in the United States, December 31, 1959"	5853	2545
59	Document headed "Table IIIc, Assets of Life Insurance Companies in the United States," December 31, 1959	5854	2546
60	Document entitled "Effects of the Opening of New Credit Lines for Outside Firms on the Availability of Credit in Philadelphia"	5855	2546
62	Document headed "Table VI," entitled "Relative Size of Business Borrowers at Member Banks by Size of Bank"	5858	2548
63	Document entitled "Table VII, Size-of-Bank Variations in Interest Rates on Business Loans by Size of Borrower"	5859	2548
64	Document entitled "Table VIII, Term Loans as a Percentage of Business Loans at Member Banks by Size of Borrower and Size of Bank, October 16, 1957"	5860	2549
65	Document entitled "Table LX, Interest Rates on Member Bank Loans to Business by Size of Borrower and Maturity of Loan, 1957"	5861	2549
67	Document entitled "Loans of Philadelphia National Bank (PNB) in Which PNB Participates Under Written Agreement—From Loan Records of PNB"	5862	2551
68	Document entitled "Loans of Philadelphia National Bank (P. N. B.) in in which PNB permits other banks to participate—From Loan Records of PNB"	5869	2558
69	Document entitled "Commercial Loans in Which Girard Trust Corn Exchange Bank (Girard) Participates With Other Banks on the Basis of Written Agreement Between Borrower and Participating Banks—From Girard's Loan Records"	5872	2560



# INDEX

ix

## Record from the United States District Court for the Eastern District of Pennsylvania—Continued

### GOVERNMENT'S EXHIBITS—Continued

		Original	Print
70	Document, dated February 7, 1957, headed "Memorandum," from O. H. Beadle to Mr. J. M. Johnston, Senior Vice-President	5877	2565
71	Document entitled "Girard Trust Corn Exchange Bank Report by Offices, Gross Deposits, Gross Operating Income, and Total Operating Expenses"	5897	2593
72	Document entitled "Application to Establish a Branch Under the Provisions of the Banking Code of the Commonwealth of Pennsylvania, as Amended," dated September 9, 1957, for branch at Butler Avenue and Spring Garden Street, Ambler, Pennsylvania (excerpts)	5904	2599
72-A	Document of information furnished by Girard Trust Corn Exchange Bank in connection with branch at Butler Avenue and Spring Garden Street, Ambler, Pennsylvania, dated September 9, 1957 (excerpts)	5905	2600
72-C	Document of information dated September 9, 1957, from Girard Trust Corn Exchange Bank, covering branch at Bethlehem Pike and Wissahickon Avenue, Flourtown, Pennsylvania (excerpts)	5908	2602
72-E	Document of information furnished by Girard Trust Corn Exchange Bank, dated September 16, 1957, concerning branch at Fort Washington Industrial Park (excerpts)	5911	2605
73-A	Document of information dated July 22, 1959, covering branch of Girard Trust Corn Exchange Bank at northeast corner of Comly Road and Roosevelt Boulevard, Philadelphia (excerpts)	5915	2609
74	Document entitled "Application to Establish a Branch Under the Provisions of the Banking Code of the Commonwealth of Pennsylvania, as Amended," dated February 29, 1956, covering branch at 2944-50 North 22nd Street, Philadelphia (excerpts)	5920	2613

Record from the United States District Court for the  
 Eastern District of Pennsylvania—Continued  
 GOVERNMENT'S EXHIBITS—Continued

		Original	Print
75	Document entitled "Application to Establish a Branch Under the Provisions of the Banking Code of the Commonwealth of Pennsylvania, as Amended," dated March 5, 1956, covering branch at 427-31 North 63rd Street, Philadelphia (excerpts)	5925	2616
76	Document entitled "Application to Establish a Branch Under the Provisions of the Banking Code of the Commonwealth of Pennsylvania, as Amended," dated March 3, 1958; covering branch at 6908-10 Market Street, Upper Darby, Pennsylvania (excerpts)	5930	2620
76-A	Document of information dated March 3, 1958, from Girard Trust Corn Exchange Bank, covering branch at 6908-10 Market Street, Upper Darby, Pennsylvania (excerpts)	5931	2621
76-C	Document of information dated March 3, 1958, from Girard Trust Corn Exchange Bank, covering branch at 6908-10 Market Street, Upper Darby, Pennsylvania (excerpts)	5933	2622
76-E	Document of information dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, concerning branch office at 1625 East Darby Road, Havertown, Pennsylvania (excerpts)	5934	2623
76-G	Document of information dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, concerning branch at PTC Terminal Building, Upper Darby, Pennsylvania (excerpts)	5937	2626
76-I	Document of information, dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, covering branch at Glendale Road and Ludlow Street, Upper Darby, Pennsylvania (excerpts)	5940	2628
76-K	Document of information, dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, covering branch at Manoa Shopping Center, Havertown, Pennsylvania (excerpts)	5942	2630

# INDEX

XI

## Record from the United States District Court for the Eastern District of Pennsylvania—Continued.

GOVERNMENT'S EXHIBITS—Continued		Original	Print
76-M	Document of information dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, concerning branch at 1021 Pontiac Road, Drexel Hill, Pennsylvania (excerpts)	5945	2632
76-O	Document of information, dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, covering branch at 3533 West Chester Pike, Newtown Square, Pennsylvania (excerpts)	5947	2633
76-Q	Document of information dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, covering branch at Yeadon, Pennsylvania (excerpts)	5948	2634
76-S	Document of information dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, covering branch at Lawrence Park Shopping Center, Broomall, Pennsylvania (excerpts)	5950	2635
76-U	Document of information dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, concerning branch at West Chester Pike and Summit Avenue, Broomall, Pennsylvania (excerpts)	5952	2636
76-W	Document of information dated March 3, 1958, furnished by Girard Trust Corn Exchange Bank, concerning branch at Penn Fruit Building, Upper Darby Township, Pennsylvania (excerpts)	5954	2638
77-A	Document dated September 9, 1957, application to merge the National Bank of Narberth and location of branch at Haverford and Essex Avenues, Narberth, Pennsylvania (excerpts)	5956	2639
77-C	Document dated September 9, 1957, application relating to the merger or consolidation of the National Bank of Narberth, Pennsylvania, office at No. 1 Bala Avenue, Bala-Cynwyd, Pennsylvania	5959	2641
77-E	Document dated September 9, 1957, application relating to the merger or consolidation of National Bank of Narberth and permission to operate branch at 18 East Wynnewood Road, Wynnewood, Pennsylvania	5961	2643

Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued

GOVERNMENT'S EXHIBITS—Continued

		Original	Print
78	Document dated April 12, 1957, application for permission to establish a branch at Washington Lane and Stenton Avenue	5963	2644
78-A	Memorandum dated February 1, 1957, from Robert C. Allen to O. H. Beadle	5968	2647
78-B	Memorandum dated March 29, 1957, from O. H. Beadle to Mr. Basil L. Harlow	5970	2650
78-C	Memorandum dated April 3, 1957, from O. H. Beadle to Mr. Geoffrey S. Smith	5971	2651
79	Document entitled "Application to Establish a Branch Under the Provisions of the Banking Code of the Commonwealth of Pennsylvania, as Amended," dated February 28, 1956, covering branch at Suburban Station Building, Philadelphia (excerpts)	5972	2652
80	Document dated April 11, 1956, entitled "Application to Establish a Branch Under the Provisions of the Banking Code of the Commonwealth of Pennsylvania, as Amended," covering branch at 23rd, Passyunk, and Rittner Streets, Philadelphia (excerpts)	5976	2655
85	Document entitled "Information for Examiner in Connection with Proposed Branch of the Philadelphia National Bank in Ardmore, Pennsylvania" (excerpts)	5983	2660
88	Document entitled "Information for Examiner in Connection with Proposed Branch of the Philadelphia National Bank at 69th Street, Delaware County, Pennsylvania" (excerpts)	5989	2668
89	Document entitled "Information for Examiner in Connection with Proposed Branch of the Philadelphia National Bank Roosevelt Boulevard Office" (excerpts)	5998	2674
91	Document headed "Information for Examiner in Connection with Proposed Branch of the Philadelphia National Bank in Park Ridge Shopping Center" (excerpts)	6003	2678

# INDEX

xiii

## Record from the United States District Court for the Eastern District of Pennsylvania—Continued

### GOVERNMENT'S EXHIBITS—Continued

Original

Prior

93	Document headed "Information for Examiner in Connection with Proposed Branch of the Philadelphia National Bank in Ridley Township, Delaware County, Pennsylvania" (Excerpts)	6010	2684
95	Document entitled "Retail Division Proposed Ridley Regional Office"	6016	2688
96	Letter dated April 30, 1959, from Hollis S. Haggard, Chief National Bank Examiner, to Mr. Frederic A. Potts	6020	2692
98	Memorandum dated May 18, 1959, from George H. Renninger to E. Lawrence Worstall	6021	2693
99	Letter dated June 3, 1959, from E. Lawrence Worstall to Hollis S. Haggard	6022	2694
102	Memorandum dated January 18, 1961, from Ellis B. Ridgway, Jr. to G. Edward Cooper	6024	2695
103	Memorandum dated December 5, 1960, from W. Bruce Fye to Ellis B. Ridgway, Jr., Vice-President	6026	2697
104	Memorandum from George M. Renninger, vice-president, Chester area offices, to Ellis B. Ridgway, Jr., vice-president, main office	6029	2700
105	Memorandum dated December 23, 1960, from Frank Dyer to Ellis Ridgway	6030	2701
106	Memorandum dated January 5, 1961, from Willard M. Bickel to Ellis Ridgway	6031	2702
107	Memorandum dated January 12, 1961, from Mr. Alan Resendorph, assistant vice-president, Hathoro office, to Mr. Ellis Ridgway, Jr., vice-president	6032	2703
110	Memorandum dated January 13, 1961, from Harold K. Koch to Ellis B. Ridgway, Jr.	6033	2704
111	Memorandum dated January 27, 1961, from Carl Holthy to Ellis B. Ridgway, Jr.	6034	2705
112	Document dated February 1, 1961, from J. M. Minster to Mr. Ellis B. Ridgway	6036	2707
113	Document dated January 16, 1961, from Cliff Gillam in Montgomery to Ellis Ridgway	6037	2708



Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued

GOVERNMENT'S EXHIBITS—Continued

Original Print

115	Document headed "Exhibit I, Survey of Branch Area Competition"	6039	2710
116	Document headed "Dun & Bradstreet, Reports"	6045	2715
117	Document entitled "Excerpt from Minutes of Regular Meeting of the Board of Directors of The Philadelphia National Bank held on November 15, 1960"	6047	2717
118	Document entitled "Excerpt of Minutes and Resolutions Adopted by the Board of Directors of the Philadelphia National Bank, December 20, 1960"	6048	2718
119	Document entitled "Agreement of Consolidation between Girard Trust Corn Exchange Bank and the Philadelphia National Bank, Under the Charter of of The Philadelphia National Bank, Under the Title of 'Philadelphia Girard National Bank and Trust Company'"	6049	2718
123	Letter dated December 22nd, 1960, to Mr. Robert A. Bicks from Frederic A. Potts and Geoffrey S. Smith	6064	2728
125	Document entitled "Answer of the Philadelphia National Bank to Questions 9 and 10"	6070	2732
126	Letter dated July 16, 1953, from Arthur Littleton to L. A. Jennings, Esq.	6071	2733
126-A	Memorandum for the Files, dated July 9, 1953, signed by L. A. Jennings	6072	2734
127	Document entitled "Summary of Findings and Conclusions, Survey of Branch Banking in the Philadelphia Area, 1946 to 1957"	6074	2736
128	Document headed "Excerpt from the Minutes of a Regular Meeting of the Board of Directors of Girard Trust Corn Exchange Bank Held on November 15, 1960," dated December 13, 1960	6090	2756
129	Document headed "Excerpt of Minutes and Resolutions Adopted by the Board of Directors of Girard Trust Corn Exchange Bank," dated December 20, 1960	6091	2757
132	Document dated November 22, 1960, being from E. L. Worstall, subject: "Mutual Accounts—Girard Corn & P. N. B." (excerpts)	6092	2758

# INDEX

XV

## Record from the United States District Court for the Eastern District of Pennsylvania—Continued

### GOVERNMENT'S EXHIBITS—Continued

		Original	Print
133	Document being headed "Lines and Outstandings to Finance Companies, June 30, 1960"	6093	2759
134	Document headed "Dealers"	6100	2763
137	Document headed "Exhibit E, Classification of Regular Checking Accounts According to Size"—1. Personal 2. Business	6105	2766
137-A	Document dated July 28, 1960, to Mr. Frederic A. Potts, president, headed "Report of the Service Charges Committee"	6117	2778
138	Memorandum dated 12-2-60, entitled "Merger Memorandum, Re: Priority of Branch Sites"	6125	2790
141	Memorandum dated January 17, 1961, signed H. T. Enssler, to V. E. Furey and E. L. Worstall, re: Equipment Loans—Progress Report #1	6127	2793
142	Memorandum dated January 11, 1961, from Bill Whiteford to Mr. E. L. Worstall	6128	2794
144	Document dated January 16, 1961, the first line reading "Numbers Assigned"	6129	2796
146	Document headed "Answer of the Philadelphia National Bank to Questions 4 and 5 of Questions Propounded by Plaintiff"	6130	2796
147	Document comprising the questions propounded by plaintiff for answer by defendants	6132	2798
G-148	Transmittal letter from Morgan, Lewis & Bockius to George D. Revercraft, Justice Department, dated May 3, 1961 with memorandum entitled, "Modifications of Questions propounded by plaintiff on April 28, 1961, as agreed upon by counsel for the parties, May 2, 1961"	6142	2807
G-149	Transmittal letter from Morgan, Lewis & Bockius to George D. Revercraft, Justice Department, dated May 8, 1961 with memorandum entitled, "PNB—Girard Merger"	6146	2810
150	Two letters, dated December 9, 1953 and December 15, 1953, from Arthur Littleton to Mr. L. A. Jennings, Deputy Comptroller of the Currency	6150	2813

Record from the United States District Court for the  
 Eastern District of Pennsylvania—Continued  
 GOVERNMENT'S EXHIBITS—Continued

		Original	Print
151	Letter dated July 22, 1955, addressed to the Honorable L. A. Jennings, Deputy Comptroller of the Currency, signed E. L. Worstall	6154	2817
152	Letter dated September 27, 1955, from E. L. Worstall to Honorable L. A. Jennings, Deputy Comptroller of the Currency	6156	2818
153	Letter dated July 18, 1956, from Frederic A. Potts to Honorable Ray M. Gidney, Comptroller of the Currency	6157	2819
158	Letter from Frederic A. Potts addressed to Honorable R. M. Gidney, Comptroller of the Currency, dated April 23, 1958	6159	2821
161	Transmittal letter dated March 1, 1961, from Board of Governors of the Federal Reserve System to W. Wallace Kirkpatrick, Esq., Acting Assistant General, with "Report by the Board of Governors of the Federal Reserve System to the Comptroller of the Currency, etc."	6160	2822
162	Letter dated January 19, 1961, from Robert A. Bicks, Assistant Attorney General, to Hon. Ray M. Gidney, Comptroller of the Currency, together with a one-sheet summary	6171	2834
163	Document entitled "Analysis of Competitive Factors," the Philadelphia National Bank, Philadelphia, Pennsylvania	6181	2845
164	Document entitled "Advance Extract from Annual Report to the Congress of the Comptroller of the Currency"	6187	2857
165	Inter-office memorandum dated July 3, 1956, from Third & Arch Streets to Mr. R. D. Conner, Main Office, with sheet indicating the various percentages by locations (excerpts)	6191	2862
170	Document headed "Analysis Survey of Philadelphia Banks Regular Checking as of September 20, 1960"	6194	2865
171	Document entitled "Analysis Survey of Philadelphia Banks Regular Checking as of March 31, 1961"	6197	2867



Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued

GOVERNMENT'S EXHIBITS—Continued

		Original	Print
172	Memorandum re "Proposed First Pennsylvania Company Branch Springfield, Delaware County Shopping Center," dated September 3, 1958, from Robert C. Allen	6200	2869
173	Letter of Girard Trust Corn Exchange Bank, from Geoffrey S. Smith, president, to the Honorable Robert L. Myers, Jr., Secretary of Banking of State of Pennsylvania	6202	2871
174	Memorandum dated September 11, 1958, from Robert C. Allen to Mr. S. S. Gardner, vice-president	6204	2874
175	Memorandum dated February 10, 1959, from S. S. Gardner to Messrs. Geoffrey S. Smith, George H. Brown, Jr., and O. H. Leadle	6205	2875
181	Document headed "Number of Commercial and Industrial Loans of Philadelphia National Bank and Girard in Philadelphia, Bucks, Montgomery, and Delaware Counties, Pennsylvania, as of October 5, 1955"	6206	2877
183 (Revised)	Document entitled "Changes in the Number of Banks with Head Offices in Philadelphia Shown by Size of Bank"	6207	2878
184	Document entitled "Commercial Banks in the Four County Area (December 1960)"	6208	2878
185	Document entitled "Changes in Commercial Banking in Philadelphia Four County Area as Measured by Changes in the Number of Independent Banks with Head Office in the County"	6209	2879
187	Document headed "Commercial Banks with Head Offices in the Four-County Area and Location of Their Offices within the Four Counties (December 1960)"	6218	2886
188	Transmittal letter of the Philadelphia National Bank from Frederic A. Potts to The Honorable Ray M. Gidnev, Comptroller of the Currency, dated January 26, 1961 with "Comments regarding competitive factors in proposed merger between The Philadelphia National Bank and Girard Trust Corn Exchange Bank"	6222	2889

Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued

GOVERNMENT'S EXHIBITS—Continued

191

Document headed "Loan Limits of Commercial Banks with Head Offices in Philadelphia, Montgomery, Delaware, and Bucks Counties, Pennsylvania, as of December 31, 1960"

Original

Print

6229

2897

192

Inter-office memorandum dated March 8, 1960, from S. S. Gardner to Mr. O. H. Beadle

6232

2898

194

Two-page memorandum, The Philadelphia National Bank, Robert B. Lowry to Henry Satterfield, dated February 20, 1961

6233

2900

195

Document headed "Proportion of Demand Deposit Accounts Under \$10,000 of Philadelphia National Bank and Girard Trust Corn Exchange Bank Originating in Philadelphia, Bucks, Delaware and Montgomery Counties as of April and May 1961"

6235

2902

196

Document entitled "Concentration of Deposits Loans and Capital Funds of Commercial Banks in Philadelphia, Bucks, Delaware and Montgomery Counties as Shown by Relative Size of Six Largest Banks and Effect of Proposed Consolidation of Philadelphia National Bank and Girard Trust Corn Exchange Bank on Such Concentration as of October 3, 1960"

6236

2903

197

Document headed "Comparison of Growth by Acquisitions with Other Growth of Philadelphia National Bank and Girard Trust Company, December 31, 1949 to December 31, 1959"

6237

2904

198

Document entitled "Percentage Analysis of Growth of Philadelphia National Bank and Girard Trust Company, December 31, 1949 to December 31, 1959"

6238

2905

199

Document entitled "Answer of Girard Trust Corn Exchange Bank to Questions 4 and 5 Submitted by Plaintiff"

6239

2906

200

Document headed "Question 6"

6240

2906

Record from the United States District Court for the Eastern District of Pennsylvania—Continued

GOVERNMENT'S EXHIBITS—Continued

		Original	Print
201	Document, the first page headed "Deposit Balances with Girard of 26 Corporations (All Demand Deposits, and Listed to the Nearest \$1000)" and the second page headed "Answer of Girard Trust Corn Exchange Bank to Question 10 Submitted by Plaintiff"	6254	2918
206	Document, consisting of memorandum dated July 7, 1960, from S. S. Gardner to G. H. Brown, Jr.; memorandum from S. S. Gardner and R. C. Allen, dated July 7, 1960, re: Broad Street Trust Application—Drexel Fine Shopping Center; and a memorandum dated June 2, 1960, from S. S. Gardner to G. H. Brown, Jr. and O. H. Beadle	6256	2918
207	Letter dated July 26, 1960, from Hubert J. Horan, Jr. to George H. Brown, Jr.	6261	2924
208	Inter-office memorandum dated July 28, 1960, from S. S. Gardner to Branch Administration Files re: Competitive Banks' Locations—Not Protested	6262	2925
214	Memorandum dated November 22, 1960, from S. S. Gardner to Competitive Bank Sites	6263	2926
215	Memorandum dated December 19, 1960, from S. S. Gardner, to Mr. G. H. Brown, Jr. and Mr. O. H. Beadle, together with memorandum dated December 19, 1960, from S. S. Gardner to Branch Administration Files, re: Competitive Bank Sites—Not Protested	6265	2927
216	Inter-office memorandum dated January 5, 1961, from G. H. Brown, Jr. to Mr. S. S. Gardner, re: Stenton Avenue	6266	2929
217	Memorandum dated January 10, 1961, from S. S. Gardner to Mr. George H. Brown, Jr., re: Proposed Broad Street Trust Branch, Stenton Avenue near Washington Lane	6267	2930
218	Memorandum dated January 12, 1961, from S. S. Gardner to Competitive Bank Sites—Not Protested—File, Bank of Old York Road Application for a Branch at the Intersection of Routes 309 and 202—Montgomeryville, Montgomery County	6268	2931

Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued  
GOVERNMENT'S EXHIBITS—Continued

Original Print

220

Memorandum dated December 15, 1959,  
from Robert C. Allen to Mr. S. S.  
Gardner, re: Beneficial Savings at  
Lawrence Park

6269

2932

221

Memorandum dated December 9, 1959,  
from S. S. Gardner to Mr. G. H.  
Brown, Jr., President, re: Beneficial  
Mutual Savings Bank Application at  
Lawrence Park, & memorandum dated  
November 18, 1959, from Robert C.  
Allen, re: Lawrence Park Lease (ex-  
cerpts)

6271

2934

222

Inter-office memorandum dated March  
2, 1960, from S. S. Gardner to Mr.  
G. H. Brown, Jr. and Mr. O. H.  
Beadle, re: Beneficial Mutual Savings  
Fund Branch in Lawrence Park

6273

2936

224

Memorandum dated April 7, 1959, from  
S. S. Gardner to Mr. Geoffrey S. Smith,  
President, re: Saving Fund Society of  
Germantown Proposed Wynnewood Lo-  
cation

6274

2937

225

Inter-office memorandum dated April 8,  
1959, from S. S. Gardner to Mr. G. H.  
Brown, Jr. and Mr. O. H. Beadle, re:  
Saving Fund Society of Germantown,  
Proposed Wynnewood Location, (ex-  
cerpts)

6276

2939

226

Memorandum dated January 15, 1960,  
from S. S. Gardner to Competitive  
Banks' Branch Locations—Not Pro-  
tested File, re: Savings Fund Society  
of Germantown Wynnewood Shopping  
Center Branch

6277

2939

227

Memorandum dated December 4, 1959,  
from R. C. Allen to Competitive Banks'  
Site—Not Protested, re: Saving &  
Loan—New Office

6278

2940

231

Memo of July 11, 1956, to R. Strunce  
from Don Breth

6279

2942

232

Memo dated April 29, 1957, from F. G.  
Erb to E. L. Worstall with memo at-  
tached from E. L. Worstall to E. B.  
Ridgway, dated May 7, 1957

6281

2943

233

Memo dated April 16, 1958, from R.  
Lowry to W. E. Brown, and memo  
dated May 19, 1958, from R. Lowry  
to W. E. Brown

6283

2944

Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued

GOVERNMENT'S EXHIBITS—Continued

		Original	Print
234	Document headed "Home Modernization—Girard Corn Plan," dated 7/22/58	6285	2946
235	Memo dated March 31, 1959, from R. R. Strunce to Mr. E. B. Ridgway, "Home Modernization Plan—Reserve Bonus"	6286	2946
236	Memo dated April 1, 1959, from R. R. Strunce to E. B. Ridgway re: "Consolidation Plan for Home Modernization Dealers"	6287	2948
237	Memo dated April 7, 1959, from R. R. Strunce to E. B. Ridgway, subject: "Bonus Plan"	6288	2949
238	Memo dated April 22, 1959, from R. R. Strunce to E. B. Ridgway, subject: "Special Home Modernization Plan," together with two-page outline of "Special Home Modernization Plan"	6289	2950
239	Two-page memo dated April 26, 1960, from R. R. Strunce to H. D. Satterfield, subject: "Dealer Bonus Plan"	6292	2953
240	Memo dated May 18, 1959 from H. D. Satterfield to E. B. Ridgway with a memo dated May 12, 1959, from D. C. Buzby to H. D. Satterfield and memo dated May 4, 1959, from D. C. Buzby to H. D. Satterfield and memo dated January 2, 1959 from D. C. Buzby to R. Strunce, re: Insurance Auto Agents Plan	6294	2955
241	Document headed "Floor Plan Rate," bearing dates 8/3/59 and 8/6/59	6298	2958
242	Memo dated March 25, 1960, from C. Gillam to H. Satterfield, subject: "Auto Agent Plan"	6299	2960
243	Memo dated December 9, 1960, from H. D. Satterfield to E. B. Ridgway	6300	2962
244	Memo dated April 29, 1960, from R. R. Strunce to E. B. Ridgway	6303	2965
246	Document headed "Lines of Credit Held by Pennsylvania Power and Light Company from 1956 to Date, the Amount of Each Line of Credit and the Bank With Which Each Line of Credit Was Carried"	6304	2965
248	Memorandum dated May 26, 1955, from Harry Kilpatrick to Mr. Geoffrey S. Smith	6310	2970



Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued

GOVERNMENT'S EXHIBITS—Continued

		Original	Print
249	Letter dated November 28, 1955, from Geoffrey S. Smith to Walter Reller, President, Ambler National Bank	6311	2971
250	Memorandum signed by Geoffrey S. Smith, dated January 4, 1957, re: Ambler National Bank	6315	2975
251	Document headed "The Atlantic Refining Company (Only) Notes Payable to Banks—1956-1960", etc.	6316	2977
252	Document headed "Rohm & Haas Company Lines of Credit Held from January 1, 1956, to May 31, 1961"	6325	2984
253	Document headed "Rohm & Haas Company Total Loans Outstanding January 1, 1956, to July 24, 1958"	6326	2985
254	Document headed "Rohm & Haas Company Bank Account Balances—Beginning of Business September 1, 1956, 1957, 1958, 1959, 1960"	6328	2987
255	Document headed "Lines of Bank Credit—Bankers' Securities Corporation (Merchandising Division) in Response to Question 1"	6330	2989

DEFENDANTS' EXHIBITS:

1	Document entitled "Monthly Review of Credit and Business Conditions, Federal Reserve Bank of New York," Volume 39, May, 1957, No. 5, article, "The Location of Business Customers of Second District Banks"	6334	2992
3	Document headed "Financing Small Business, Table 10—Business Loans of Member Banks, October 1955 and October 1957, By Size of Bank and Relative Size of Borrower"	6340	3007
10	Document entitled "Distances From All Philadelphia National Offices To The Nearest Girard Trust Corn Exchange Office"	6341	3008
11	Document entitled "Distances From All Girard Trust Corn Exchange Offices To The Nearest Philadelphia National Office"	6342	3010

Record from the United States District Court for the  
Eastern District of Pennsylvania—Continued

DEFENDANTS' EXHIBITS—Continued

		Original	Print
12	Document entitled "The Philadelphia National Bank list of each of its offices, giving each office of a competing institution located within a radius of one mile from each Philadelphia National city office and within a radius of two miles for each Philadelphia National suburban office"	6343	3012
12-A	Paper headed "Addendum to Defendants' Exhibit D-12"	6357	3026
13	Document entitled "Girard Trust Corn Exchange Bank list of each of its offices, giving each office of a competing institution located within a radius of one mile for each Girard city office and within a radius of two miles for each Girard suburban office"	6358	3026
13-A	Paper headed "Addendum to Defendants' Exhibit D-13"	6379	3047
14	Letter dated February 28, 1961, from H. S. Haggard, Deputy Comptroller of the Currency, to Mr. Frederic A. Potts, president of the Philadelphia National Bank	6380	3049
15	Document headed "Commercial Banks With Head Office Located in Ten-County Area by Counties on December 31, 1960"	6382	3052
16	Document entitled "Alternative Sources of Credit from Commercial Banks Located in Delaware Valley"	6387	3059
17	Document headed "Number of PNB Loans to Customers Located Within the 4-County Area, Distributed by Size and Type of Loan"	6388	3059
18	Booklet entitled "Comparison of Relative Growth of Deposits of Banks in the Delaware Valley with Deposit Growth of the Philadelphia National Bank and Girard Trust Corn Exchange Bank (1951-1960)"	6389	3060





By Mr. Reycraft:

Q. And that would be the same for D-61?

A. Yes, sir.

Q. You have a 25-per-cent figure, and I assume it is for the same reason?

A. Yes.

Mr. Reycraft: That's all.

The Court: Gentlemen, it is about 16 minutes after 12. Do you want to start a new-witness today or do you want to start Monday morning?

I am perfectly willing to go on.

[fol. 4157] Mr. Price: I have only one witness here who wouldn't take too long, but I am at Your Honor's service.

The Court: I am perfectly willing to go on; I just thought if you had one that was going to be rather extensive it would probably be better.

If you have a short one, fine.

Mr. Price: I doubt if he will be as long as Mr. Bradshaw.

The Court: All right. Let's look into it.

Mr. Price: Mr. Twist.

OLIVER S. TWIST, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Price:

Q. Mr. Twist, you are a vice-president of the Frankford Trust Company, are you not?

A. I am.

Q. And have been for how many years?

A. Since 1952.

Q. Sorry, I couldn't hear.

A. Since 1952.

Q. How long have you been connected with that bank?  
[fol. 4158] A. 39 years.

Q. What is your particular activity in the Frankford Trust Company?

A. Mine is a little mixture. Primarily, it is titled the Title Department and Construction Loans.

Q. Tell us something about this construction-loan business. First, what does it represent in general?

A. We have been handling construction loans in the City of Philadelphia for a good many years, in that builders come into the bank and request loans for the erection of—well, in most cases homes, private homes; and at other times they come in for the erection of factories.

We have one now today that is over in Camden, New Jersey, a 21-story-high rise, in all of which application is made to our bank to supply the construction money.

Q. Has that business grown in the last ten or fifteen years?

A. It certainly has.

Q. Will you give us some indication of what it was, say, in 1950, ten years ago, or in 1951, and what it is today?

A. Well, I have the figures here. In June, 1950, the commitments outstanding then were \$13,849,000.

Q. What are they now?

A. As of April, 1961, \$45,329,000.

Q. How do you finance operations of that sort?

[fol. 4159] A. There is only one way that we can, and that is that our bank is limited in capital. We can only extend credit up to \$330,000. Then we must go out and get the additional moneys in order to supply the construction money.

Q. What is the largest construction loan that you have outstanding now?

A. The one we just gave a commitment on was for \$4,654,000.

Q. What do they generally run? What is the average amount?

A. The average, if you are dealing with homes, will be, oh, three-quarters of a million to \$1 million.

Q. That is on an operation where a number of houses are being built as a unit by one builder?

A. That's right.

Q. And then the individual apartment houses or industrial plants are separate from that?

A. Separate, but they are higher in the loans.

Q. And they are handled as an individual matter, I suppose?

A. That's right.

Q. But usually they are more than \$1 million, are they?

A. Yes, they are.

Q. What would the average of that type of loan be?

A. Well, do you mean of the manufacturing type?

Q. Well, other than the operation of houses.

A. Other than houses, we just finished one for—I am [fol. 4160] trying to think of the name of the firm—for \$1.5 million. We have, like I say, this high rise, 21-story-high rise in Camden.

Q. Give me the amount rather than the name.

A. The manufacturing plants and all are in the millions of dollars. They go from \$1 million, \$1.5 million.

And then your apartments, we have quite a few apartments. They are, as a general rule, over \$1 million.

Then when we get into the redevelopment part, like Southwest Temple, for instance, that would be about \$2.5 million. It all depends upon the size of the project, the number of apartments.

Q. How do you provide for this excess?

A. The only thing we can do is go to other banks and ask them to participate with us.

Q. What have you been doing in that regard?

A. Well, in the past, why, we did most of our participation up in New York; but I would say in the past now—ten or twelve years we have been getting our funds here in Philadelphia, through the Philadelphia National and the Girard Trust Company.

Q. Have they been supplying all your needs?

A. Practically all of it. We do—

Q. Have you done any participations in New York since then?

[fol. 4161] A. We more or less, in a token, because of the fact that at the beginning the Bankers' Trust Company participated with us, we have one or two small jobs in New York.

Q. What was your experience with the New York banks

so far as participating loans was concerned? Was it entirely a happy one?

A. Was it entirely what?

Q. Satisfactory.

A. Yes, it was. It was satisfactory. The only difference was the question of time—the time that was used in order to get these loans through. You would have to wait possibly a week or ten days before you'd get the final approval of the loan.

Q. And what about in Philadelphia?

A. Well, I can give an example. On this high rise in Camden they came in very fast to us, just last week, and said they were going to make settlement on the 1st of August, with a take-out from the Federal National Mortgage Association of the \$4,654,000.

I came into town on Wednesday and practically had the assurance that the funds from the Philadelphia National Bank, \$2,210,650, and also the same amount from the Girard, would be approved.

Q. Could you get service that quickly in New York?

[fol. 4162] A. No.

Q. What was your experience in New York in times of tight money? Were you always able to get service from New York banks?

A. When money got tight we were told the same as everybody else—hold down on your loans because we can't comply with everything that you might want.

Q. And did they cut you off or not?

A. At times they would, yes.

Q. Did that happen in Philadelphia?

A. It never has. It hasn't happened once in Philadelphia.

Q. What would your preference be so far as participating your loans in New York and Philadelphia is concerned?

A. Oh, I would much prefer doing it in Philadelphia.

Q. What is your regular correspondent in Philadelphia, correspondent bank?

A. The First Pennsylvania Company, I would say.

Q. What relationship have you with them? Do they participate in any of these loans?

A. No.

Q. What is your relationship with the First Pennsylvania Company?

A. Well, the First Pennsylvania Company, they handle our clearing, that is, all our checks that come through; and [fol. 4163] they do quite a bit of things for us that we, in turn, basically carry a sizable account with them in return for that.

Q. You carry an account with them?

A. Yes.

Q. Approximately how much?

A. I would say about \$2 million.

Q. Do you make any loans from that company?

A. Not regularly, no. Of course, I will say when we need money, occasionally we do. Then we go to them and ask them and they give it to us promptly.

Q. What is the largest borrowing that you have had from that company?

A. I would say, oh, no more than a million and a half.

Q. Have you had any experience or would you endeavor to participate your loans with any substantial number of banks?

A. No.

Q. Why not?

A. Well, at the present time our needs are sufficient with Philadelphia National and the Girard Trust Company. We are not interested in going all around, trying to find out where we can put our money out.

Q. If you had more than they could handle would you go back to New York, to the banks that you had been dealing with before?

[fol. 4164] A. I'd have to.

Q. What?

A. Yes, I would. I'd have to.

Q. What would your preference be?

A. My preference would be Philadelphia.

Q. Now, you have heard of this proposed merger of the Girard and the Philadelphia National Bank. What is your opinion as to the desirability of that merger?

A. Well, to me, it would shorten my work because I would only be required to go to one bank (and it would be wonderful) instead of two.



Q. Speaking generally, so far as the effect on the community is concerned, what is your opinion about it?

A. My personal opinion would be that the community needs and would be well served by the approval of this merger.

Q. What is your opinion about the effect on interest rates of such a larger bank?

A. Well, mine is a very interesting position to be in because in the construction-loan field we set the interest rate and the Philadelphia National, Girard Trust, or any other bank that participates with us doesn't interfere at all. They allow us to set it and when I send it down to them, saying this is the interest rate, that's how they approve it.

Q. But you, as the initiating bank, fix the interest rate? [fol. 4165] A. That's right.

Q. Would you consider that this large bank would have any effect on the interest rates, either on your bank or on any other bank in the city?

A. My experience in the past has been that they have never interfered as far as the interest rate; they have gone along.

Q. What would you consider the effect of a larger bank would be on service charges?

A. On service charges? Well, do you mean as far as—

Q. Would it have any effect on the amount of service charges other banks fix?

A. I don't think they would have any effect as far as service charges at all. As a matter of fact, our institution, I think, is lower as for service charges than any other bank in the city.

Second National Bank, next to us, they make charges and we don't in certain instances. We are a community bank. We have been there since 1888, and in all those years people get to know you very well. You get very close to them and in servicing them you want to give them the best service that you can; and if we can get along without charging it, our Board feels as though they shouldn't charge, so we are not regulated by what any other bank does, and I don't think they would want us to be.

[fol. 4166] Q. When the Second National Bank established service charges, did it bring any of your customers to their bank?

A. Not that we know of.

Mr. Price: Cross-examine.

Cross-examination.

By Mr. Reycraft:

Q. Did I understand, sir, you indicated that you have a correspondent relationship with both the Philadelphia National and the Girard?

A. The correspondent mostly lies with the First Pennsylvania Company.

Q. They are your major correspondent?

A. The First Pennsylvania Company.

Q. Your bank is not a member of the Federal Reserve System, is it?

A. No, we are not.

Q. Do you know what your balance is currently with the Philadelphia National Bank?

A. Well, I can put it to you this way, sir—that, typical of a lot of banks, we ran a little short. We owe them a million dollars, I think, at the present time. Our balance, I would say, due to the fact that they handle all our clearinghouse and all would be about \$2 million, I would say; something like that or maybe more. I don't know offhand.

[fol. 4167] The Court: Is that the First Pennsylvania you are talking about or the Philadelphia National?

Mr. Reycraft: The Philadelphia National.

The Witness: The First Pennsylvania.

The Court: He asked you about Philadelphia National.

The Witness: Oh, I am sorry.

Philadelphia National, I wouldn't know because I don't have those figures right available, but it would be—

By Mr. Reycraft:

Q. About \$1,100,000?

A. It might be up around there. I didn't think it would be that high.

Q. The figure I gave you is as of June, 1960, based on information furnished to us by the Philadelphia National Bank.

A. That could be.

Q. And you have access now to the First Pennsylvania Company, to Philadelphia National, and to Girard?

A. That's right.

Q. And you have established banking relationships with all three?

A. That's right.

Q. You have the use of the maximum line with Girard [fol. 4168] if you want it, don't you?

A. I would think so, yes.

Q. And the Philadelphia National?

A. Yes.

Q. And the First Pennsylvania Company?

A. I would say "yes," too; very friendly relations with the three.

Q. And in the past you have done business in the form of loans with both Philadelphia National and Girard at the same time; isn't that right?

A. That is right.

Q. Have you found your experience has been a satisfactory relationship?

A. Very fine.

Q. You have no complaints at all about that?

A. None at all.

Mr. Reycraft: That is all I have.

By Mr. Price:

Q. What is the average interest rate on these construction loans?

A. Well, the interest rate always varies. It all depends upon the condition of your money and how it is situated. Interest on construction loans for the past—we will say from the first of the year—has been at 5¾ per cent. Now [fols. 4169-4170] they are down to 5½ per cent.



By Mr. Reycraft:

Q. Mr. Twist, does your bank own any stock in either the Girard or the Philadelphia National?

A. No, we don't.

Mr. Price: That's all, thank you, Mr. Twist.

The Court: I will see you Monday morning, gentlemen, at 10 o'clock.

(Recessed at 12:32 o'clock P. M. until 10:00 o'clock A. M. on Monday, July 31, 1961.)

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[fols. 4171-4172] [File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN  
DISTRICT OF PENNSYLVANIA

Civil Action No. 29287

[Title omitted]

TWENTY-SIXTH DAY

Philadelphia, Pa., July 31, 1961

Before Hon. Thomas J. Clary, J.

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[fol. 4173] DUNCAN MERRIWETHER, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Price:

Q. Mr. Merriwether, you are connected in some — with the Rohm & Haas Company, are you not?

A. Yes, sir.

Q. What is your connection with that company now?

A. I am a director and a member of the Executive Committee of the Board.

Q. I am sorry; I can't hear you.

A. I am a director of the company and a member of the Executive Committee of the Board of Directors.

Q. How long have you been connected with the Rohm & Haas Company?

A. Since July 1, 1939.

Q. Would you be good enough to give us your business experience before you came to the Rohm & Haas Company?

A. I graduated from Columbia University in 1928, from the business school. I worked for Peat, Marwick, Mitchell and Company until May 1, 1933; with Irving Trust Company in New York from May 1, 1933, until July 1, 1939; and then with Rohm & Haas since that time.

Q. I gather from your connection with Peat, Marwick [fol. 4174] and Mitchell that you are an accountant?

A. Yes, sir. In New York State I am a certified public accountant, not in Pennsylvania.

Q. What was your position with the bank in New York, the Irving Trust Company?

A. In the beginning I was assigned to the collection of bad loans. Following that I made a study of the mortgage guarantee companies of New York, most of which were then failing. They all failed ultimately.

After about two years of that kind of work I was transferred to the Mortgage and Real Estate Department and then to the Personal Trust Division, which I spent some four years, as I recall it, in the Personal Trust Division of the bank.

The bad loan situation liquidated out, of course. By that time it was late in the depression. It liquidated out in perhaps a year or so.

Q. Then you came to Rohm & Haas in what capacity?

A. I had no title. The company at that time had no treasurer and was seeking a man who might become treasurer. I was sent to the plants for some six months to a year to become acquainted with the accounting practices in the plants, and after that I was transferred into the [fol. 4175] city office, and in 1941, I believe, I was made assistant treasurer, and in 1943, treasurer and director and at that time a member of the Executive Committee, too, and from that time on I served as either treasurer

or executive vice-president until 1953 or 1954, when I was made vice-chairman of the Board, which was until 1958. At the end of 1958 I retired.

Q. But you still remain a director?

A. I am a director and I spend some time there. I am a director and stockholder and very much interested in the business.

Q. You are still a member of the Executive Committee?

A. I am a member of the Executive Committee, yes.

Q. So that you still have a close contact with the operations of the company?

A. Yes, but not as much as I did, of course, when I was there everyday full time.

Q. During the period that you were active in the company did it grow? Was it an expanding operation?

A. Yes. I think perhaps it multiplied itself ten times in size between 1939 and 1958. It was one of the more rapidly growing chemical companies during that period.

Q. Would you tell me something about the operations of the company, with particular reference to their financial [fol. 4176] needs. I am not so much interested in the mechanics of the manufacturing, but the kind of things that you did which required it to seek financing in various forms.

A. Well, the company has followed the principle of financing itself to the extent that it could. When it could not, it has usually appealed to the insurance companies for money. In one case that I recall it borrowed from the Philadelphia banks.

There are times when it is more expedient to borrow from banks than from insurance companies, and there are times when it is the other way around. It has owed the insurance company money most of the time, I should say, since 1940—relatively small amounts—Penn Mutual Life Insurance Company.

Q. What was the loan that it made from the banks?

A. It borrowed some \$5 million under a credit agreement with the Philadelphia banks. I believe in 1958, at which time the cash income flow did not come up to quite what they had hoped, and so it was necessary to borrow at the banks.

Q. You said some credit agreement. What was that?

A. Quite a number of years ago we felt that it would be

wise to have a firm call on a substantial amount of money which the banks could not readily avoid, if we really needed [fol. 4177] the money, so we arranged an agreement with a group of Philadelphia banks. The present agreement is for \$20 million. I think it started out at a smaller sum, which we could use for as long as five years, at the prime rate.

Q. How many banks were involved in that agreement?

A. I believe originally there were several, including a Wilmington bank. I think there were five. I believe there are now four or perhaps there are still five, and there were six originally.

Q. Is the Wilmington bank back in the picture?

A. No, it is not. They are all Philadelphia banks. I could name them and then we could count them. Philadelphia National, Girard, Provident, Central Penn, and the Fidelity. That is five I think that are in there now.

Q. Has the company any foreign operations?

A. Since the end of the Second World War the company has attempted to establish itself in Western Europe and in Asia. It had not made any significant attempt to do so until after the Second World War. Prior to that it did have some business in South America, but it was mostly just an export business. There was virtually no manufacturing in South America until after the Second World War.

Q. Its principal office and financial operations are in [fol. 4178] Philadelphia, are they not?

A. It is highly concentrated in Philadelphia, yes.

I should not lead you to think that the Rohm & Haas Company dictates day-to-day policy in Paris or in England, because the local people have a high degree of independence. The companies are 100 per cent owned, but still the officers and financial people are allowed a high degree of independence in those countries, but they do, of course, stay in constant consultation with the treasurer in New York.

Q. But the principal office of the company is in Philadelphia?

A. It is in Philadelphia, and there isn't anything even closely approaching it as a second office. The stock owner-

ship is concentrated in one family, and the family lives here, and they run it from right here—and they run it.

Q. How are the foreign operations financed? Do you own plants abroad or how are they handled?

A. Of course, they cannot be financed identically in any two countries, but as a general principle, the company tries first to build up a volume of export sales which would support a small plant, selling from Philadelphia. Then usually the foreign country, be it France, England, or what, begins to get dubious about the wisdom of allowing so much [fol. 4179] money to come out in dollars to Philadelphia, so we are likely to lose our markets unless we establish a plant abroad in the country where we are doing the selling. We try to establish in the beginning a plant at a cost of a quarter to a half million dollars for the fixed assets. If we can lease space, we lease it, and we have at times leased land and buildings and put our own equipment in it, to make sure this was going to go and be profitable. Then we try to borrow abroad the working capital.

In the first place, we believe that the company should show a genuine intention to go and stay, and that is why we are willing to put our own money in the fixed assets. That is evidence of our genuine concern to be there permanently. Then the working capital we ask the local banks to lend us in their own currency, because that is what we have to pay in over there, and we have so far been reasonably successful.

Q. Is there any competition between borrowings of that sort with American banks?

A. The American banks have a good network of branches in Western Europe and a strong representation in Tokyo, where we have a company. The New York banks, the Bank of America on the West Coast, the Canadian banks, with whom we are regarded as acceptable, all have good, strong [fol. 4180] networks of banks. The First National of Boston has a nice network in South America, and the First National City Bank has a very nice network of banks in South America, and we use those banks.

We also use in every case where we can a bank or one or more banks of the country in which we operate, because then we get competition between the American bank and



the local bank, and we also demonstrate to the people locally that we are not entirely so nationalistic that we can't do business with the local people.

Q. How does that competition between the foreign banks and the American banks show up?

A. It usually shows itself in the willingness with which they are to make a loan at the time you start up. If you are successful, they clamor for the privilege of making a loan, but they are not anxious to make a loan to a new company unless the loan is guaranteed from Philadelphia, which Philadelphia has been reluctant to do. In some cases it has, but it has been very reluctant to do it.

The American banks, by and large, knowing more about the company, have been a little more willing to make loans without a Philadelphia guarantee. There have been cases, however, in Britain particularly, where the British banks were perfectly willing to make a loan and the American [fol. 4181] banks were a little nervous about making a loan without a guarantee. I can recall one occasion where that reached the point where we were about to drop an American bank, and they changed their mind.

There is no satisfactory way to operate without having competition between the two groups, because it gives you the ability to negotiate.

Q. So that competition operates between banks in England or New York—

A. Yes.

Q. Or France and New York or Italy?

A. The Bank of America has strong representation in Italy, and the competition between the Bank of America in Italy and the New York banks is strong; and then, of course, we have banks in Italy owned by the Italian Government, and privately owned banks in Italy, and all of them, of course, are in competition with each other, and to our surprise the banks that are owned by the government compete just as vigorously, so far as we can tell, in Italy as the American banks or those that are privately owned.

Q. You have operating plants in what foreign countries now?

A. We have a fairly large plant at Newcastle-on-Tyne



in England. The fixed assets I should estimate today cost [fol. 4182] us something over \$2 million.

We have two plants in France, Northern France, and a plant site unused for a third.

We have a plant operating in Milano in Italy, relatively recently, three or four years old.

We have an affiliated company in Tokyo, of which we are the largest stockholder but not a majority stockholder.

We have an active plant there, and then there is Canada.

Those, I think, are those north of the Equator.

South of the Equator we are now about to construct a plant in Australia. We have people there. We have been negotiating in India, which is north of the Equator. We have a new plant in Mexico. We have had one for a long time in Buenos Aires, and we have had one since 1955 or 1956 outside of San Paulo in Brazil.

We have two or three other companies which do not have plants but which operate as sales outlets.

There is one in Peru, for example, and Colombia.

We have sales offices in Johannesburg, South Africa; but plants, I think I have listed them all. I might have [fol. 4183] missed one.

These investments are not really large, except in England. They are some \$2 million in England or thereabouts in fixed assets and maybe \$1 million in France, and they taper off from that down to a quarter of a million dollars. [fol. 4184] Q. Do any of these foreign operations borrow directly from American banks?

A. No, sir. I am under the impression and this someone else would have to answer for me, I don't believe they can borrow from American banks in the currencies in which they have to pay their obligations. When we opened in France we had some discussions here and we concluded that this would not be that they would love to do it—the Chase National Bank would have liked to have done it, working with one of the Philadelphia banks, because that's the way the Philadelphia banks usually work—with a New York bank to arrange something abroad; but it couldn't.

We concluded that this was not a practical way to do it and I don't know anyone who has done it. It may be possible by some device we haven't learned.

Q. You said that you had this credit for some time with the Philadelphia banks. Have you ever used any of them for any foreign operations or foreign business?

A. No, sir. It is difficult, though, when once you put a dollar in the cash drawer, to tell where a penny goes; but we try to make each operation abroad stand absolutely on its own feet and, therefore, it has to do its own borrowing locally and I can not recall any time in which—there have been times, a few times, when the Philadelphia National [fol. 4185] Bank has advanced money to these subsidiaries.

Now, as to where you would say that came from on that particular day, I don't know.

Q. I was speaking of services beyond lending money that American banks might render to the company.

A. Well, the services which they render beyond the lending of money are probably more important than the services they render in lending money.

Q. Will you describe briefly what those services are and which banks render them and which banks render them more commonly to your company or these companies?

A. Well, there was a time when our man would go to South America and we only had one man in South America at the time going back and forth and he would hit an airport and the First National City Bank—at that time it was the National City Bank of New York—how they would know he was coming, I don't know, but somebody would be there with a car, "Mr. Ruby, we are glad to see you. Is there anything we can do for you?"

If you don't speak the language—and Mr. Ruby didn't speak Spanish or Portuguese very well and he was quite happy to see these fellows.

The First National Bank of Boston does perhaps an equally good job, or did. This was many years ago.

Q. Have you used the First National Bank of Boston [fol. 4186] for that purpose, too?

A. I beg your pardon?

Yes. The First National Bank of Boston is used by the Buenos Aires company. I don't believe the Philadelphia company has any present relations with the First National Bank of Boston. It had at some times in the past, but I think that its relations now are entirely between

the Buenos Aires company, which is a hundred per cent owned, and the local First National Bank of Boston branch in Buenos Aires.

Now, there is another service which was rendered in France which was outstanding, and that is Morgan & Company before there was a Morgan Guaranty.

Morgan & Company in Paris, I believe, has more American business than all other American banks in Paris put together, perhaps because they financed the French Government in the First World War and they were very helpful to us in getting our products introduced through the French Government testing authorities and the scientific organizations in France, which all has to be done years before you establish a plant.

I don't know whether this is the sort of thing you want or not, but that's the sort of thing they did; and that's worth more to us than the money, because in the final analysis we could squeeze the money out somewhere else if Morgan & Company didn't want to lend it; but the other [fol. 4187] services they rendered were very, very advantageous.

They are so good that the du Pont Company is now using the man who helped us in the establishment of their business in France.

Q. Except for this \$5-million loan that you made against the credit at the Philadelphia banks, have you borrowed anything else in Philadelphia?

A. We have borrowed from Penn-Mutual, and we owe them some money today. It is not a large amount, perhaps a couple of million dollars, between a million and \$2 million; but there has been a loan with Penn-Mutual outstanding most of the time.

A large company which has credit with the insurance companies prefers by and large to borrow from them because it is long-term credit. You can always pay it back if you get your money earlier, but if you want to keep it for ten years they have no objections; whereas the bank may very well need its money.

Q. Have you borrowed from New York banks?

A. No, sir, not in this country. The local subsidiaries have borrowed in their own countries, but Rohm & Haas in

Philadelphia has not borrowed from the New York banks, not in the last twenty years.

Q. Now, this credit that you have is a standby credit for which you pay a fee, is it not?

[fol. 4188] A. Yes, sir; yes, sir.

Q. So that you can borrow up to \$20 million at any time?

A. Yes, sir.

Q. Why was that arrangement made in Philadelphia rather than in New York?

A. Mr. Haas, Sr., who died in January of 1960, preferred to do business with the Philadelphia banks. I could only think for sentimental reasons because I couldn't see any other reasons for doing this sort of thing.

The Mellon people in Pittsburgh used to come in and say, "We can lend you as much money as all the Philadelphia banks put together." That may not have been literally a true statement, but it was very close to a true statement.

And, of course, the Guaranty Trust Company, which is the company's transfer and registrar agent in New York, would say the same thing.

Nevertheless, Mr. Haas preferred to keep the principal balances here and to keep our relations here; and I don't know that he was wrong, but it could be that you could look at it another way.

Q. What would your preference be?

A. I think that any financial officer would like to have two or three banks who are large enough to lend him all of his requirements well under their credit limit—well [fol. 4189] under their lending limit so that he can play one against the other.

Among banks, there is no substitute for a corporate official being able to negotiate just as one does on any other kind of a transaction.

Q. What is the significance of borrowing under the lending limit of the bank?

A. If a company borrows at the lending limit, the bank is always aware of the fact that it has so many customers who are borrowing right against the limit.

Now, that limit was set—I, once studied banking, and I think it was set out of the experience with the national

banks a long time ago by the Comptroller of the Currency and he must have set it at around the danger line; and it is not wise for a company to be borrowing as much from a bank as the bank can really lend within the limits of danger, because it is likely to be called first. It is likely to be pressed for return, and the bank examiners are always looking at those loans a little more critically than they are those which are well within the limits.

Q. From the point of view of the businessman, then, the preference is to borrow something less?

A. I would prefer to do so because I know what is likely to be taking place inside the bank when they are lending [fol. 4190] us their absolute limit.

Now, that may not be someone else's feeling, but that is my own feeling. I think, if you are buying from a supplier, whether it be sulfuric acid or money, it is better to buy from a man who has more capacity than you need than to buy from one who can just barely supply you with your requirements.

Q. You spoke about this arrangement with the Philadelphia banks being based principally on sentimental reasons. I realize that you can't commit either yourself or the company to conduct in the future, but would you consider that that was a stable relationship.

A. I don't think so, because I am not so sure the sons over the long run will feel as the old gentleman did; and they now have virtually absolute control of the company through their voting stock.

So that I think they will be a little more inclined—in the first place, they are much more citizens of the whole United States, having been born and educated here, and New York to them is very close by.

Q. And if it were left to you to decide, what would you do in the light of the present size of the Philadelphia banks?

A. I would locate two banks, not necessarily in New York, but I think in New York, of ample size to take care [fol. 4191] of the entire requirements of the company.

In fact, I long ago began establishing connections of that kind, and then perhaps get along with the Philadelphia situation as sort of a third leg because these are our friends here; they know us.



There are advantages to doing business in Philadelphia because these people know the character, their clerks know our clerks, so that they know the kind of people who work at Rohm & Haas and they know the kind of people better perhaps than the New York banks do.

But as a straight business proposition, why, we should have two lines of credit, each one as large as we would need, with two major New York banks or with someone like the Mellons or the Bank of America on the West Coast, or the Continental or the First National in Chicago.

Q. Are the Philadelphia banks adequate in size to provide that kind of competition, Mr. Merriwether?

A. No, sir.

Q. You have heard of the proposed merger of the Philadelphia National Bank and the Girard.

What have you to say about that with reference to its better ability to meet your company's needs?

A. Well, it will improve the situation a little bit, but it is inadequate, however. Even so, it must be inadequate for [fol. 4192] many others, but it certainly is inadequate—I think their lending limit—I don't know the figure, but I think when they get through it will be around \$15 million, I would say.

Q. \$15 million is the proposed limit.

A. Yes, sir. The banks really should grow as fast as the community grows in size, and they have gone far behind, as far as Rohm & Haas is concerned. It has multiplied, as I said, about ten times since 1939.

The banks certainly—I don't know how much they have grown. I haven't looked at the figures, but certainly they haven't grown anything like that and their capital has been cut in half by inflation since then, too, the usefulness of it has.

Q. Do you consider that there is any competition at all for this credit of \$20 million that you spoke about among the Philadelphia banks?

A. No, sir. They have to get together on the terms and they sit on one side of the table and we sit on the other; and, of course, to the financial officer that is very unsatisfactory.

You see, 19 out of these 20 years we have been lending



our money to the banks. They haven't been lending us money. Our money has been deposited in the banks and on the 20th year, when we need some money, we have to [fol. 4193] meet these fellows and they decide, with us, negotiating and threatening to go to New York even though I didn't think Mr. Haas would permit it—why, they make a deal with us and they come to a common agreement as to what they will do and one of them manages the syndicate, I believe, and then the others go along with it. They take shares.

Q. What would you prefer to be able to do?

A. I would prefer to be able to have a free hand to play say three New York banks against all of those in Philadelphia. I wouldn't mind having the loan with all of them if I could play somebody against them in New York freely, and if they had the capital to do it.

But dealing with several banks you run into this problem—and this happened only recently. One of these banks, with whom we had done business for 20 years, took a share of this credit agreement and no sooner had the ink got dry on it than they sent a man around to the office and said, "Now, we want 20 per cent on deposit of the amount we are going to lend you under this agreement."

Well, that wasn't in the agreement at all, but banks do want 20 per cent of what the lending limit is; and we said, "Suppose we just take you out of the agreement?" And that settled it for the moment.

But that gives you an idea of what you run into when [fol. 4194] you have several banks and they are competing with each other for your deposit balances. Each one you borrow from wants as much deposits as he can get.

Q. And what about the difficulties that arise from establishing relations with a number of banks instead of one in connection with a loan?

A. Well, they all want the deposits, of course, and they want them long before they make a loan and they want to keep them; and each one hopes to get more profit out of it, I guess, than he otherwise would.

I can't blame them for that, but it is not a very satisfactory arrangement. It is like having five partners of Drexel & Company negotiate with you on bond commissions

or something on a deal. You don't have any—you really have no bargaining position at all if there are five of them, where there are five, as with any one of them.

Q. What is the approximate amount of ready cash that the company keeps available and in what form is it held?

A. It has today about \$24 million. Last year it was around \$20 million.

Now, today—we just had a treasurer's report at the Directors' meeting last week—and of that, \$4 million is in cash, a little over \$4 million; and the rest of it, that is, it is in demand deposits.

[fol. 4195] The rest of it is in interest-bearing time deposits and Government bonds. I believe about half of it, perhaps a little more, is in Government bonds.

Q. Is that the short-term Governments?

A. Those are short-term Governments, maturing generally within a year.

The Government is really the big competitor for these fellows on deposits, because the Government controls the interest rates and the minute they get them to the point where it is more advantageous for Rohm & Haas to put its money in short-term Governments than it is to put it in a time deposit, why, they move it into Governments.

Therefore, the Government—I can give you the exact figures at June 30th, if you would like. I brought them with me, but the Governments—

Q. Please.

A. The Governments have about half of the total. There was \$24,279,000 in cash and marketable securities, of which securities and time accounts amounted to \$20 million; there were \$4 million in demand deposits.

There were \$10,252,000 of U. S. Government obligations and \$4,065,000 of Canadian Government obligations—I don't have the maturity date, but it is the practice of the company to mature within 12 to 18 months.

[fol. 4196] This is money set aside to pay income taxes and other things, and for construction programs.

There were time accounts of \$3 million, certificates of deposits, \$3 million.

Now, that is \$4 million, roughly, in demand deposits, \$10 million, roughly, in United States Government securi-

ties, \$4 million in Canadian Government obligations, and \$6 million of time accounts and certificates of deposit.

Q. Does the company have a demand for money build-up, such as for construction purposes?

A. The company has a construction program for 1961 calling for about \$27 million, and in 1962 the program so far as we can see now will be about the same amount. It is estimated today to be a little higher than \$61 million, but no one can give a precise estimate today.

Q. How will such programs be financed?

A. We hope to finance them out of earnings and out of this money that is on hand. If earnings should fall or some other contingency should arise, which we can't see, we will use this bank-credit agreement.

If it is more advantageous for us to borrow from an insurance company, of course, we will borrow from an insurance company rather than from the banks. We will have to really wait and see.

[fol. 4197] Q. Well, would that money be converted into long-term obligations held by the insurance company or would you expect to pay it all off?

A. We expect to pay this particular program off as we go along with the money which we have on hand, plus the earnings which will come in during that period.

The company does not offer—it has only once or twice got itself into a position deliberately where it did long-term borrowing, but sometimes opportunities arise which were not foreseen, which makes it very, very well worthwhile to borrow money. For example, if a company should become for sale in Germany, a nice little chemical company, and they want to sell it to us, we have no money in Germany; we might just as well buy it and we might be short of cash; so these are things that have to be kept in mind.

Q. Is your company solicited by banks outside of Philadelphia for deposits and loans?

A. Yes, sir. The English banks call on us, the Bank of America, and the Security First National Bank, and the Bank of California have called on us for many years. Of course, the First National of Chicago, and the Continental-Illinois call regularly.

I am sure the list would be this long, but money flows

where it will do the most good; so that if banks can get [fol. 4198] it in the East and lend it in the West, where interest rates are higher, of course, they do it.

So they are here all the time, soliciting our business and promising us lines of credit; but since we don't borrow very much, since we usually have lines of deposit, they like to have business like ours.

Q. Your stock-transfer agent and registrar are in New York, I suppose?

A. Well, I think there is one here and one in New York. There has to be, I believe, under the stock-exchange rules.

We have a dividend-paying company here and trust company. I think there are other accounts with the Guaranty Trust Company—I am sure there are with the Guaranty Trust Company, too, and Morgan & Company likewise.

Q. Have you established relations with any more than those two banks in New York?

A. Yes. There is a strong relationship, but not a big (not big in money), but a good relationship with the First National City Bank. Anyone who does business abroad virtually has to have the facilities of one of the large New York banks, and the First National City Bank is very good at this.

I have a friend in Chicago who runs a business who keeps a deposit there of \$100,000 just so he can walk in and talk to them about his business in Western Europe when [fol. 4199] ever he likes. He doesn't get any other service out of the bank.

Q. From the point of view of the businessman, and particularly one in a business such as Rohm & Haas, what is your opinion as to this proposed merger of the Girard and the Philadelphia National Bank?

A. Well, it should have been done 20 years ago or something like it should have been done. It's probably too late to save the large companies which are now the size of Rohm & Haas from going to New York. It may save some in the future. It would at least give some indication.

It also might keep some young men here who, like Tom Gates, went over to New York to become Chairman of the Executive Committee of the Guaranty Trust the other



day, where the capital must be \$300 million or \$400 million.

Q. Do you consider that the size of the banking facilities, the banks in the community, have any connection with its ability to maintain a substantial and firm commercial position?

A. It probably does for the smaller companies. The larger companies can really go where they please.

Q. What effect, so far as business is concerned in Philadelphia, do you think this merger would have; beneficial or otherwise?

A. In my own opinion it can only be beneficial. I don't [fol. 4200] see any reason why it shouldn't be beneficial; but it is not going to save the larger companies who have already gone to New York.

Banking relationships transfer very slowly. It takes 25 years to build a banking business, I am sure, and a banking relationship that is already established or well settled over there is not going to come back here.

You will undoubtedly keep young companies from going away, but this community needs two or three banks with a lending limit of \$20 million to \$30 million. Now, it may not be able to support two or three, but if this situation had been grasped by the bankers and businessmen here 20 years ago I think it would have them today.

It might very well have the large du Pont account, the U. S. Steel account, the Pennsylvania Railroad account, and some others, rather than have them all over in New York.

This is a good development, but it is late.

This is, of course, just one man's opinion, but that's the way I feel.

Q. What is your opinion of the effect of not permitting the merger to occur so far as business in Philadelphia and banks in Philadelphia are concerned?

A. Well, I should think it would be just another evidence that we are a small town and are going to remain a sub-[fol. 4201] urb of New York as a banking community, as we are in investment banking and as we are becoming in other fields, too. People just want to go where things are going on, where people are progressive, where they are building and growing.

Q. I don't think you mentioned your connection with the Fidelity. Are you a director of that bank?

A. I am a director of the Fidelity.

Mr. Price: Cross-examine.

Cross-examination.

By Mr. Reycraft:

Q. Mr. Merriwether, are you also a director of the Philadelphia National Bank?

A. No, sir.

Q. Is the president of your company a director of the Philadelphia National, Mr. Haas?

A. Yes.

Q. Now, you testified, sir, that your company would like to play one bank off against the other. Will you tell me how you can do that?

A. Well, I think I gave you one example of playing one against the other. We haven't had much opportunity with the restrictions that we stay in Philadelphia. It somewhat limits our opportunities. I think we gave you two examples.

We gave you one in England, and we gave one here [fol. 4202] where a bank suddenly wanted more deposits. They had deposits for 20 years and had never paid us a nickel's worth of interest; but suddenly they sign a loan agreement and they want bigger deposits, so the only thing you can do is say we can get the money somewhere else.

That is the only answer that a banker really understands when the chips are down, because if you can't get the money somewhere else you will meet his terms.

Q. Will you tell me what your line of credit is with the Philadelphia National Bank at this time?

A. I will have to look it up. Do you mean under the credit agreement?

Q. Yes, sir. I suppose it is under the credit agreement.

A. The line of credit under the credit agreement is \$8 million.

Q. And your line with the Girard?

A. Five.



Q. So you have a total of \$13 million now with the two banks?

A. That's right.

Q. And if the two banks are merged you could get a credit line of \$2 million more; is that right?

A. I would assume so. I don't know what my friend over here says, that they will have a \$15-million credit limit; but I don't know that myself.

[fol. 4203] Q. I believe that is right.

You, at the present time, have a credit line with the Fidelity-Philadelphia, do you not?

A. Yes, sir.

Q. Do you know how much that is?

A. \$3.3 million according to this statement; yes, sir.

Q. And your line with the Central-Penn?

A. \$2 million.

Q. And with the Provident Tradesmens?

A. \$1.7 million.

Q. Now, you have no line at all with the First Pennsylvania Company; is that correct?

A. That's correct.

Q. However, that is an additional line of \$7 million which could be available to your company, I suppose?

A. It is. There were reasons before I came with this firm which made that unlikely that we would use it, but I don't know what those reasons were.

Q. Just a matter of personal preference?

A. No, it wasn't a matter of personal preference, but I don't know the details.

The family, I might say that the family has used that bank for themselves and they preferred to keep their affairs separate as much as they can from the banks that do business with the company so that there can be no question that this bank is doing them a favor because they deposit here, and so on.

But in a place as small as Philadelphia, that's not possible to carry the limit, but I know that Mr. John Haas' account is with the First Pennsylvania Company.

Q. Do you have, sir, with you the information on your company's total loans outstanding at the present time?

A. The total loans outstanding at May 31, 1961, was only

the Penn-Mutual Life of \$2.4 million. I said earlier a million to \$2 million. Apparently it's \$2.4 million.

I think another \$800,000 was paid June 30th or will be paid shortly, but apparently I was incorrect about the \$1 million to \$2 million.

Q. And you have no bank loans at the present time; is that right?

A. No, sir. That's correct.

Q. And your company has not had a bank loan since September of 1958; is that correct?

A. That's correct.

Q. And prior to that time, from January 1, 1956, up to date, the highest total bank loan that your company has had at any time was \$4.8 million; isn't that right?

A. That's correct.

[fol. 4206] Q. And the highest amount you have had with any one bank was \$1,875,000; is that correct?

A. That's right; yes, sir.

Q. Your company has had unusual growth, has it not, in the past ten years?

A. I suppose it has been somewhat unusual. The other chemical companies have grown as fast. I think Dow has grown as fast, and some of the others; but it has been unusual compared with industries which just grow more slowly by their nature.

Q. And that growth hasn't been affected by the lending limits of the Philadelphia banks, has it?

A. No, sir.

Q. Now, your principal deposit account is with the Philadelphia National Bank, is it not?

A. Yes, sir.

Q. Who is your second bank as far as deposit accounts are concerned?

A. I believe it's the Fidelity-Philadelphia Trust Company. The Philadelphia National Bank has been, for your information, the principal bank for a long, long time.

Mr. Reycraft; Will you mark as Government's Exhibit No. 252 a one-page document headed "Rohm & Haas Company Lines of Credit held from January 1, 1956, to May 31, 1961"?

[fol. 4207] (Document headed "Rohm & Haas Company Lines of Credit held from January 1, 1956, to May 31, 1961," was marked Exhibit G-252 for identification.)

Mr. Reycraft: And as Government's Exhibit No. 253 a two-page schedule headed "Rohm & Haas Company Total Loans Outstanding January 1, 1956, to July 24, 1958," and on the second page the schedule goes to May 31, 1961.

(Two-page document headed "Rohm & Haas Company Total Loans Outstanding January 1, 1956, to July 24, 1958," was marked Exhibit G-253 for identification.)

Mr. Reycraft: And as Government's Exhibit No. 254 a two-page schedule headed "Rohm & Haas Company Bank Account Balances—Beginning of Business September 1, 1956, 1957, 1958, 1959, 1960."

(Two-page document headed "Rohm & Haas Company Bank Account Balances—Beginning of Business September 1, 1956, 1957, 1958, 1959, 1960," was marked Exhibit G-254 for identification.)

By Mr. Reycraft:

Q. Mr. Merriwether, I hand you Government's Exhibit No. 252.

Do you recognize that as a document which was produced by your company in response to subpoena?

A. Yes, sir.

Q. And the same for 253 and 254?

[fol. 4208] A. Yes, sir.

Q. Each was produced by your company in response to subpoena?

A. Yes, sir.

Q. Do you have copies of those with you?

A. I think they are identical, yes, sir. I haven't checked them, but I think they are identical.

Q. Would you agree, Mr. Merriwether, that your company's borrowing requirements from commercial banks have been adequately met by the Philadelphia banks during the period covered by these exhibits?

A. During the period covered by—

Q. By the exhibits.

A. By the exhibits, yes.

Q. The three exhibits?

A. Yes.

Q. Your answer is "yes"?

A. Pardon?

Q. I am sorry, what is your answer?

A. During the period covered by this exhibit they have been adequate, yes, sir.

Q. And at the present time the \$20 million total lines of credit is more than ample to cover the maximum bank loans you have ever had of \$4,800,000; is that correct?

[fol. 4209] Mr. Price: He didn't say that.

Mr. Reycraft: Will you read the question?

The Witness: The \$20 million is a line of credit; the \$4 million in loans or five—

Mr. Reycraft: Would you read my question? I may have misspoken.

(The pending question was repeated by the reporter.)

The Witness: Yes.

By Mr. Reycraft:

Q. That is \$4,800,000?

A. Yes.

Q. From commercial banks?

A. Yes.

Q. And, in fact, it would be more than adequate to cover your total loans including those from the life-insurance companies; isn't that correct, also?

A. That's correct.

Q. And you could increase some of these lines, could you not, sir?

A. We are talking about—really, we are talking about guaranteed lines of credit when we speak of \$20 million.

I don't know what the company's lines of credit are. Banks very commonly grant a company a maximum line of [fol. 4210] credit for the solicitation of business. The directors will approve a line of credit and the company doesn't even know about it until a man walks in and says, "We will lend you \$4 million if you give us a deposit."

He has already worked this out ahead of time, so I don't

know how much of that sort of thing has gone on, where we have approved lines of credit all over the world; but these guaranteed lines of credit are in front of us for \$20 million.

Have I answered your question? I don't think I have, but I got lost here somewhere.

Q. Well, I asked you where you could increase them; and I don't know what your answer is.

A. Well, we haven't tried. I think we could. I think we'd have to try.

Q. I think you indicated also, sir, that you think Philadelphia ought to have two or three banks with a \$20-million to \$30-million lending limit; is that correct?

A. Yes, sir.

Q. Do you think it would be desirable, even if it were necessary, to accomplish this by further mergers?

A. Yes, sir.

Q. So that in your judgment the fact that—

A. I don't think you could accomplish it by further [fol. 4211] mergers; but if it were possible to do it that way, without ending up perhaps with one bank, even that might be better than the situation we have now.

Q. Well, if it should be required in order to get to one bank with a lending limit of \$20 million to \$30 million to have all of the leading banks merged, do you think that would be beneficial?

A. I don't know. I'd have to think about that one.

Q. You don't have an opinion on that one?

A. No, sir. An informed opinion would have to take a lot of thought, I am sure.

Mr. Reyecraft: I have no further questions.

Redirect examination.

By Mr. Price:

Q. Mr. Merriwether, this exhibit marked G-254, both pages show that the company has a number of bank accounts all over the place, but with reference to the Philadelphia National Bank, the bank balance there varied since 1957 from \$7,700,000 to \$4,000,000, or nearly \$4,200,000, I am sorry.

A. Yes, sir. 1956 to 1959, it fell steadily every year, that



balance did, yes, sir—\$7.7 million in 1956, \$5.9 million in 1957, \$5.7 million in 1958, and \$4.1 million in 1959. It fell each year.

Q. The Girard bank has been somewhat smaller, ranging [fol. 4212] from \$1.2 million in 1956 to \$371,000 in 1960?

A. That's right. It also has fallen each year since 1956.

Q. And the Fidelity's balance has ranged from \$4.6 million in 1956 to \$2.9 million in 1960?

A. That's correct, sir.

You see, the Government bonds have been more and more attractive during this period so that bank deposits have been pulled down and the money has gone into Government securities in this period to a considerable extent.

Q. I don't know, I don't recall your saying this, Mr. Merriwether; therefore I am going to ask you a question as to whether there is any Philadelphia bank that can render the kind of foreign service (I am not speaking of loans now) that you described having received from the New York banks and from the First of Boston.

A. No, sir. There is not a Philadelphia bank, in my opinion again, with anything remotely approaching that supplied by many—I think even the Chicago banks are well ahead of us. The banks in Houston and New Orleans are probably ahead of Philadelphia in this respect; but the Chicago banks and the Bank of America on the West Coast, the First National Bank of Boston, and several of the New York banks are on the job all over the world, with men who know both languages, and who also—

[fol. 4213] You see, you need credit reference. If a man comes in and wants to buy something from your local company you don't know this man, so you have to call your bank and say Alonzo Sierra has come in and he wants some dithane. Now, he wants 90 days. You don't know whether to give him 90 days or not.

In Brazil or even in France there are no nice little Dun & Bradstreet reports which give you the data on the man from year to year, financial statements; so you have to call the First National Bank of Boston or the National City Bank, and perhaps your friends in the other banks and say, "What about this fellow?"

Well, they don't know his financial condition, but they know him and they know his family and perhaps his grand-



father's reputation, and they know about how much real estate he owns, so they can give you a report on him, usually orally; but that is the sort of thing you have to have if you are going into a foreign country, and that can only be done by people on the job there.

Q. Now, these banks that you mentioned—First National of Boston, the Chicago banks, and the other banks in New York—are all very much larger than any bank in Philadelphia, are they not?

A. The New York banks are. I don't know how large the [fol. 4214] First of Boston is. The Chicago banks, I would say, are considerably larger, yes, sir; but I am not as well acquainted with the operations of the Chicago banks as I am the ones with which we have done business in foreign countries, therefore I don't want to lean too much on that.

I know what I am speaking of when I speak of the First of Boston, the First National City Bank of New York, the Guaranty, the Morgan people, and the Chase.

Q. At least you would say that their resources and lending limits are substantially larger than the lending limit of the Philadelphia National Bank, are they not?

A. I am reasonably sure of that?

Q. The First of Boston has a \$16-million limit, does it not?

A. I don't know; I am sorry.

Q. I think that may be in the record somewhere, but the ones that you mentioned were all of that character, of that general size or larger, were they not?

A. Yes, sir. I would think that most of them are larger. It takes a great deal of capital to set up, and a lot of experience.

I think it is like building a trust department. It takes one or two generations to set up and a lot of capital to set up a foreign-banking system; so that it can't be done with \$100,000 or a half a million dollars. It takes a lot of money.

[fol. 4215] Mr. Price: That is all I have.

Recross examination.

By Mr. Reyeraft:

Q. Did I understand you, Mr. Merriwether, to refer to a New Orleans bank with a foreign department?

A. They have an active foreign department, but they do nothing for us; but they do solicit business.

Q. Do I understand you to indicate that you thought that they were superior to any Philadelphia bank?

A. I had better not try to make that statement. If I have made such a statement it was not well founded because I couldn't know enough about it.

Q. All right.

Now, your total bank balances of your company declined over-all, didn't they, from \$16,058,000 in 1956—

A. Yes.

Q. —to \$9,941,000 in 1960?

A. That is correct.

Q. So that the decline in the balance outstanding with the Philadelphia National and the Girard and the other Philadelphia banks is not an isolated situation?

A. It's not isolated, no. It's a result of the Government making it attractive for us to buy bonds. The Government [fol. 4216] gets our money in a case like that.

Q. And that is the only reason for it, isn't it?

A. (No response.)

Q. Is that the only reason for it?

A. I can not think of any other reason, and I was just looking to see what the deposits were in 1956 and the United States Governments. Even then we owned \$8 million, but we had \$10 million in cash.

That's more than we have in cash today, when we have considerably more cash and securities together; so there has been a switch into Governments and time certificates of deposits and Canadian bonds have come in in the meanwhile. Operating a Canadian subsidiary, there are special reasons why Canadian Government bonds are an attractive corporate investment in limited amounts and for very short maturities. I don't know what they are, but I know our people say they are, our tax people.

Mr. Reycraft: That's all.

Mr. Price: Thank you, Mr. Merriwether.

The Court: We will take a ten-minute recess.

(A recess was had.)

[fol. 4217] CHARLES A. ANDREWS, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Price:

Q. Mr. Andrews, you are presently the comptroller and assistant treasurer of Triangle Publications, are you not?

A. I am, sir.

Q. How long have you been with that company?

A. Since February of 1948.

Q. And in what capacity did you serve at that time?

A. I came originally as manager of the Tax Department. Subsequently in 1949 I was made assistant treasurer, and I have been comptroller since 1951, September, 1951.

Q. What has been your business experience outside of the Triangle Publications?

A. Well, prior to coming with Triangle Publications I first of all was graduated by NYU, the School of Commerce, School of Education, and Graduate School of Business Education. I had 15 years of private accounting experience before—

Q. Let me ask you what degrees you have.

A. BCS, Bachelor of Science and Education, and Master of Arts.

[fol. 4218] After 15 years of private accounting experience I went into public accounting, specializing in the tax field. I was with Arthur Anderson for about eight years and am a CPA in the State of New York.

Q. Can you tell me something about the growth of Triangle Publications in the last ten or fifteen years?

A. Well, Triangle Publications, apparently the name itself in Philadelphia, Triangle Publications as such, is not as well known as we would like it to be. Presently it operates on a divisional level, with the Philadelphia Inquirer Division, "Daily News," "Philadelphia Daily News."

We have a Radio and Television Division which operates six television stations and allied radio stations.

We have a large gravure plant here that prints all of our publications, including "TV Guide," "Seventeen Magazine."

We operate a Trade Publications Division which prints

and publishes the "Morning Telegraph" and the "Daily Racing Form."

The Corporation, of course, is closely held, and I would rather not divulge profits but I can tell you that when I first came with the company the aggregate payroll was less than \$15 million. Presently it is \$45 million.

[fol. 4219] Our receipts in 1950 were approximately \$60 million. They are presently \$150 million.

Our assets, I believe, at the end of 1950 were approximately \$40 million and are now \$81 million, so we have enjoyed in the last 10 years a rather large growth.

Q. The headquarters of the company are where?

A. The headquarters of the company are at 400 North Broad Street in Philadelphia.

Q. These radio stations you spoke of are where?

A. The headquarters for the Radio and Television Division are at 400 North Broad Street, the television stations and radio station WFIL in Philadelphia. We have a station in New Haven, WNHC. We have a station in Binghamton, New York, one in Altoona, a UHF station in Lebanon, and a television station, KFRE, in Fresno, California.

Q. Is the Triangle Publications a parent company? It is the company of which the "Inquirer" and the "Daily News" and these radio stations, and so on, are divisions?

A. That is right, sir, with the exception of two Canadian subsidiaries and some minority interests or fairly majority interests in one other corporation.

Q. How are the financial needs of the company met?

A. Well, since I have been there—and, of course, I can [fol. 4220] speak more of experience with those things I am more closely acquainted with—we met our financial needs through banking loans.

Q. And where are those supplied?

A. Well, the first loan that we had, bank loan, was a loan negotiated here in Philadelphia in 1956, wherein we were dealing with Tradesmens. Of course, we had accounts with Girard and several other banks. That loan was jointly shared. It was shared by Tradesmens and Girard, \$5½ million.

Q. Was the loan too large for Tradesmens to handle by itself?

A. It was. I understand it was.

You asked further what other loans. We had a loan in December of 1958 from the First of Chicago for \$10 million.

Q. Why did you go to Chicago?

A. We went primarily because we knew there was no bank here in Philadelphia that could handle a loan of that magnitude without sharing with someone else, either one or two other banks.

Q. Was sharing it an objection from your point of view?

A. It definitely was.

Q. Why?

A. In the first place—and I can give a reason which for [fol. 4221] many companies would not be a reason—we would, first of all, have to divulge our information to more people. Another reason would be that it is much easier to negotiate with one person, from the standpoint of agreeing on the terms of the loan. Also the question of facility, the fact that we could go to First of Chicago and get it (snapping fingers) within 24 hours.

Another thing, as part of our agreement usually with the banks in Philadelphia anyway we orally agreed—it wasn't in writing—to more or less increase our deposits in the bank, to more or less show that we appreciated the loan, I suppose.

Q. And would that be an objection from your point of view?

A. Well, it wouldn't be an objection so long as we had sufficient money to spread around, and it was no objection in this instance, the mere fact of keeping the deposit.

Q. But to make a new loan would bring in new banks—

A. That might encompass a little bit of difficulty.

Q. As a result of your experience did you say whether you would split a loan again if you had to borrow more than, say, the Philadelphia banks can supply in one Philadelphia bank?

A. I would say we would rather not. I mean our experience [fol. 4222] with First of Chicago, for example, as a large lender, would lead us to prefer to negotiate with one bank.

Q. How long did it take you to arrange that loan?

A. 24 hours. There was some question, after our vice-president came back from Chicago, which I worked out with him and we adjusted it over the telephone.



Q. Would that have been possible if you had to split it up among Philadelphia banks?

A. I don't believe so.

Q. So far as arranging the loan agreement or modifications of the loan agreement, what can you say with regard to dividing a loan on that score?

A. Well, I would say offhand, if, for example, we wanted to deviate from the original loan agreement—I don't mean a material change, necessarily, but on prepayment or capital or current liability or asset requirements—it would be much easier to deal with one person than with three or four.

Q. Would that be a disadvantage from your point of view?

A. It would, because we might make our mind up overnight that we wanted to make a prepayment that might be a little bit contrary to the original loan agreement. We would not want to be held up in any action that we wanted [fol. 4223] to take.

Q. In comparison with the 24 hours it took you to get the loan in Chicago, did it take longer than that to get the loan arranged between the Tradesmens and the Girard?

A. I believe it did, but I can't be a good witness for that because I didn't check that.

Q. You have no idea of the approximate length of time?

A. No, I do not.

Q. You had another loan agreement in Chicago, had you not, for a larger amount than the \$10 million?

A. I think you are referring there to a debt limitation which was basically in the loan. In 1948—

Q. Is that part of this \$10 million loan?

A. No, the \$10 million loan is separate and apart from that.

Q. Tell me about this other one.

A. In 1948 we had outstanding loans of about \$12,500,000, of which First of Chicago had \$8 million and the balance was divided between two insurance companies. Under that loan agreement there was a limitation of our borrowings of \$15 million, which later on we negotiated in 1956 and in less than 24 hours we had that limitation raised to \$25 million.

Q. Does that mean \$25 million over-all or \$25 million [fol. 4224] in addition?

A. No, that was \$25 million over-all with respect to the status quo at 1956.

Q. And the present loan out there is what, or the two loans that you have in Chicago are what?

A. I think I will have to look at the balance. You want the specific balance?

Q. Would you, please?

A. As of June 10, 1961, we owed the insurance companies 2 million 8 of the old loan in 1948 and we owed Provident Tradesmens \$1,925,000, which was the portion of the loan shared by Girard and Provident, and \$6 $\frac{3}{4}$  million to First National of Chicago, of the \$10 million original loan.

Q. And then what happened to the 12 million 5 loan from the other bank in Chicago?

A. First of Chicago was paid off in full prior to 1955. The insurance companies, of course, held their loans on a long-term basis, and we just started paying those off. Their portion of the loan at 1955 was 6 million 3. We now owe 2 million 8.

Q. What banking connections has Triangle Publications now outside of these two banks in Philadelphia that you mentioned, the Tradesmens and Girard?

[fol. 4225] A. Well, we have a rather large account with Fidelity Trust, and we have a large account, of course, with First of Chicago, and then we have balances spread in about 25 other locations. The major amounts in the millions, of course, are in those four banks. The others are balances of maybe one, two, three, four hundred thousand dollars which are drawn down for operating expenses. They are maintained primarily because of the local business we operate.

Q. Have you any relations with the Philadelphia banks other than the deposit accounts on these two loans?

A. Well, we have some pension trust accounts with Girard, and, of course, I mentioned the deposits we have in those three banks, major deposits. We have smaller deposits, of course, in First of Pennsylvania and the Philadelphia National, but the primary accounts, the Girard and Provident Tradesmens are the operating accounts. Provident Tradesmens more so than anyone else, because we do all of our disbursing through that account, other than the "TV Guide" subscription situation, which is Fidelity.

Q. And the account is maintained in the Girard primarily for what purpose?

A. It has got a dual purpose. Primarily it is maintained

[fol. 4226] the size it is because of our loan relationship, and also it is retained there because we do make certain payments from the account, specialized payments, such as possible income tax or dividend payments.

Q. Have you had the account with Girard for a long period of time?

A. I don't know precisely how long, but we have had an account with them ever since I have been there, which is since 1948. I know it antedates that. It probably starts when we first came here to the city.

Q. Has it always been substantially the same size?

A. No, it has not. From 1948 through 1955 it was less than a half million dollars. Since then it has varied between two and  $3\frac{1}{2}$  million dollars.

Q. You spoke about these 25 or so other banks that you have relations with. Are those the working balances in locations where you have radio stations or something of that sort?

A. Primarily working balances. We have printing plants, of course, and we print and publish editions on the West Coast and Miami, and, of course, I mentioned we have television stations in Binghampton, Altoona, Fresno. We have accounts in New Haven. We have accounts in all of those cities with various banks there.

[fol. 4227] Q. That is to cover local needs and not for borrowing purposes?

A. No, that is just local.

Q. What would your preference be with regard to borrowing? Where would you like to do it if you could?

A. I would say that our preference would be Philadelphia, because we regard ourselves basically as a Philadelphia institution, you might say. About 80 per cent of our property investment is here, and I mentioned initially that I had trouble having people recognize Triangle, but when I say worked, for example, for the "Philadelphia Inquirer," there is no question about it. They know exactly who the "Inquirer" is. So we would prefer to do our banking business to some large extent, if we could have the proper rate, and so forth, in Philadelphia.

Q. Are you solicited by other banks outside of Philadelphia for banking business?

A. I would say on an average of once a month we get

either telephone calls or visitations from representatives of such banks as the Bank of California, banks in Atlanta, Kansas City, possibly Fresno, Altoona, any number of banks. Basically from locations where we are presently doing business or have at one time had an account.

Q. Can you give an illustration about the particular reference [fol. 4228] to the time deposit that was held in the Pennsylvania Company by one of your trust accounts?

A. I am afraid I don't understand the question.

Q. Competition from outside. Were you solicited for that?

A. Oh, yes. One of our trust accounts, of course, is in the Girard Trust. They handle a number of the pension funds which operate through Girard. On one occasion the Girard had it and it was transferred to Manufacturers of New York, but that was basically pressure from some union trustees.

Q. I was thinking of the account with Pennsylvania Company where the rate had changed and you were solicited by some other bank, a \$50,000 deposit. Were you solicited by a Fresno bank for that time deposit?

A. Not for that account. We have been solicited by a number of California banks, particularly if we buy in a new location. We frequently get telephone calls, you might say, from the local bank trying to interest us in their correspondent bank in the location, or we are solicited directly by the bank in and around the area.

Q. What can you say from your point of view, the point of view of a businessman in Philadelphia, as to the desirability [fol. 4229] of this proposed merger of Girard and Philadelphia National?

A. I think it is highly desirable from the standpoint of encouraging competition particularly between cities. I think basically, as the situation is now, it discourages competition on a local level. For example, we borrowed \$5½ million. It was shared by two banks. They had to agree on terms. They came up, of course, with one final agreement, a loan agreement, and we pay directly to Tradesmens now, but we know that Girard shares in that situation. As a matter of fact, I was temporarily embarrassed on one occasion when Price, Waterhouse confirmed our outstanding loan with both banks. I had a little temporary explanation to make as to what happened to the 5½ million.

Q. What have you to say about the attitude of a prospective borrowing up to the full line, full limit, that a bank has?



A. From my own personal opinion—it would have to be a personal opinion—I see nothing wrong with that. I can't see anything wrong with borrowing up to the full limitation. In other words, if this new bank, for example, after the proposed merger, should offer \$15 million, I would see nothing wrong in that. That is from our point of view, because we figure the bank itself would be large enough. I can see some [fol. 4230] qualms on the part of the bank itself in lending the full limit of their reserves, because, actually, from the point of view of the bank's stockholders they probably would prefer that they had some leeway.

Q. Would a bank of the size of the proposed bank, with a \$15 million lending limit, be of benefit to your company?

A. It might well be. For example, when we went to Chicago it was primarily to avoid having two or three participants in a loan. If there had been a bank here that could loan that much, we undoubtedly would have put them in contention. As it was, we just simply said, "You can't do it," and we went to First of Chicago.

Q. Did you even consider doing it in Philadelphia?

A. We didn't consider it at all, because of our objection to having two or more people involved.

Q. If the merger took place and a larger bank were in operation in Philadelphia, would that have any effect on your relationship with the other banks with which you now do business in Philadelphia?

A. None whatsoever, because we still would maintain accounts locally for various reasons, business reasons primarily—payroll accounts, depositories, and things of that [fol. 4231] sort which we operate locally in these other banks. We would still continue that. There would be no change whatsoever.

Q. You spoke about the deposit balances carried in the Girard. What is the general size of the deposits you carry in the Chicago bank or banks?

A. Well, our balances in the Chicago banks run roughly about \$4 million, but I can tell you specifically.

(Referring to a paper.) Well, in 1958, of course, after the loan we had a \$8 million balance, so that wouldn't be a criterion, but at the end of 1959 we had 4 million 8, and the end of 1960, 3 million 7. They run slightly larger. At the



same time we had 3 million 7 balance in First of Chicago, 3½ million in Provident Tradesmens. So they run slightly larger but not a great deal.

Q. Before 1958, before you made this loan, what were the balances in that bank, in round figures?

A. Well there were less than a million dollars.

Q. Actually, they were less than half a million, were they not, in 1957?

A. Less than half in 1957. It was 631 in 1956.

Q. So that as soon as you made the loan, then the deposit balance increased materially?

[fol. 4232] A. Materially, that is right, but you can't use the \$8 million balance at the end of 1958 as a criterion, because that was right after we had gotten credit for it and hadn't had a chance to draw it down.

Q. But the following year—

A. At the end of the following year it was 4 million 8.

Mr. Price: Cross-examine.

Mr. Reycraft: No cross-examination.

GUSTAVE G. AMSTERDAM, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Littleton:

Q. Mr. Amsterdam, where do you live?

A. 5209 Woodbine Avenue in Philadelphia.

Q. What is your business or profession?

A. I am a corporate officer, I suppose, is the profession. I am president and chairman of the Board of the Bankers Securities Corporation in Philadelphia and several of its affiliated companies.

Q. How long have you been president of the Bankers Securities Company?

A. Oh, since 1955.

[fol. 4233] Q. Will you tell us briefly your business experience.

A. Originally I was a lawyer in general practice. I was

with the Government in the RFC for a number of years in the Third Federal Reserve District. I went back into private practice for a while and then became an officer of the Bankers Securities Corporation and Albert M. Greenfield & Company, which is a real estate firm in Philadelphia.

Q. And you have been with the Bankers Securities Corporation ever since?

A. Since about 1938, roughly, 1939, yes, sir.

Q. And president since the date that you have told us?

A. That is correct.

Q. As a result of your experience with that company, are you acquainted with its banking requirements and its relationships?

A. Yes, sir, I am.

Q. Will you describe for us the type of business in which your company engages and generally arranges its operations.

A. We are a management investment company, and we operate various businesses either through divisions or through subsidiaries. Most of our interests are in the mercantile field. We operate through our primary subsidiary, [fol. 4234] the City Stores Company, department stores through the eastern part of the United States from Worcester in the North down to New Orleans in the South. We operate the Oppenheim Collins Franklin Simon chain of specialty stores. We have an interest in a large group of candy stores, candy manufacturing business. We operate a taxi cab company. We operate a number of hotels, primarily, at the present time, all of them in Philadelphia.

We have a good many real estate investments. We have had over the years other miscellaneous investments in various companies, like Tiffany and Company in New York, Bonwit Teller in New York, the McCrory-McClellan chain, and so on.

Q. How large is your company in terms of assets or sales?

A. The parent company, Bankers Securities Corporation, has footings on the assets side of about \$75 million, but, of course, some of our subsidiaries, City Stores, for instance, is considerably larger, has assets of about \$130 million.

Q. How does that compare with, say, ten years ago, 1950 or 1951?

A. Well, in the case of Bankers Securities, I would say

[fol. 4235] at that time we were about half that size, maybe \$35 million. City Stores at that time would have been perhaps 100 million instead of 130 million.

Q. Will you give us some comparisons in sales.

A. Well, in the case of Bankers Securities it is not really sales. We treat it as gross income, part of which is sales, because we have a subsidiary that actually sells in the department store field, but our gross income in 1960 was about, I would say, 45 million. In 1950 it would have been very much smaller, about 5 or 6 million, I would think. In City Stores it was 262 million of sales in 1960, and I would guess that it was around 200 million in 1950, certainly within a couple of million of 200 million.

Q. You gave us the range of operation today or the operations of your company and its subsidiaries. How does that compare with the range of those operations in 1950 and 1951?

A. It was very much smaller, I would say. We had fewer interests. Of course, we had during that ten-year period acquired and sold a number of interests, but we were not nearly as diversified as we are at the present time.

Q. Will you describe the borrowing needs of your company [fol. 4236] in recent years.

A. Well, over that ten-year period we arranged for borrowings for City Stores in the neighborhood of \$90 million, most of which was in long-term insurance company debentures. It included mortgage loans. It included bank financing, temporary bank financing, as we purchased subsidiaries. It included seasonal bank financing, perhaps \$10 million to \$15 million annually as the season developed. It included sale of accounts receivable, which is a form of financing for us, with commercial banks, in the neighborhood of 10 to 20 million. There is about 20 million outstanding on that at the present time. We use various forms of financing, not just borrowing money, as you can see.

Q. With what banks do you maintain connections?

A. In Philadelphia with the First Pennsylvania Bank, with the Philadelphia National, with the Provident Tradesmen, with the Girard Trust, with the Fidelity-Philadelphia, with the Central Penn, and some accounts with some of the smaller banks.

Broad Street Trust, by the way.

**Q.** By the way, are you a director of the Broad Street Trust?

**[fol. 4237]** **A.** Yes, that is why I didn't want to leave them out.

**Q.** With which banks do you maintain lending relationships?

**A.** I just gave you the Philadelphia banks. The banks out of Philadelphia are the ones that we primarily maintain our lending relationships with for our department store subsidiaries. That is the Chase in New York, the First National of Boston, primarily. In Philadelphia we have a borrowing relationship with the individual banks that I have mentioned, except the Broad Street Trust. I am sure we don't borrow from the Broad Street Trust, but except for that institution, we have borrowed on occasion from all of the others.

**Q.** Do you have lines in these banks in the usual sense?

**A.** We do for some of our subsidiaries. For instance, the Snellenburg Department Store which is a division of Bankers Securities Corporation, has lines aggregating \$10 $\frac{1}{4}$  million. Bankers Bond and Mortgage Company, which is a mortgage subsidiary of ours, has lines aggregating \$9 million, with a maximum aggregate use of \$6 million.

Another financing subsidiary, Barco, Inc., which is in the show financing business, has loans aggregating 6 million 4, but they are the only formal lines that we have at the present time. We had others outstanding in the past, but they are **[fol. 4238]** the only ones at this time.

**Q.** Will you describe any bank loans which you have made in recent years, either Bankers Securities or one of these subsidiaries?

**A.** Well, Snellenburgs always has outstanding borrowings in the range of 8 to 10 million dollars, of which approximately \$2 million is on accounts receivable. The balance of it is part of the 10 $\frac{1}{4}$  million of lines that I mentioned a little earlier. That, of course is with a number of banks.

**Q.** Which of those banks are they with?

**A.** The Snellenburg lines are with the Philadelphia National Bank, with the Manufacturers Trust in New York, with the Camden Trust Company, with the Provident Tradesmens Bank. I think they are the banks; as near as I

can recall. I have some papers. I can get it accurately if you need it, but they are the main banks.

**Q.** How about City Stores?

**A.** Well, City Stores Company has outstanding, I suppose, at the present time, because this is the bottom of their season—they will be going into their peak season in the next three months for borrowings—but at the present time they are down to about 4 million, as I remember it. I think [fol. 4239] 3 million of that is from the First of Boston and 1 million from the Chase. That is just 90-day, 120-day, roll-over paper.

**Q.** Have you arranged any group loans for Bankers Securities or any of the subsidiaries?

**A.** Well, the accounts receivable loan of Snellenburgs was a group loan. That was participated by the Provident Tradesmens, Central Penn, and the City Trust; and then we had a series of credits for City Stores on accounts receivable that was headed by the First of Boston, and the participants there was the Philadelphia National Bank, the Girard Trust Company, and the First Pennsylvania. Each of the four banks took 2½ million on a \$10 million total availability.

**Q.** Will you tell us why you went to the First National of Boston to head that loan?

**A.** Several reasons. They were a large bank, and we try as much as possible to deal with larger banks. It makes our job easier. We had been dealing with them for many years. For one thing, they give you a fast answer, and also they have the ingenuity to work out unusual financial transactions.

**Q.** Does their size have anything to do with their ability to give you a fast answer?

[fol. 4240] **A.** I would say two things: One, their size, and, secondly, the relationship which they have with other institutions around the country. It is the combination of both.

**Q.** If the Philadelphia National and Girard merger had been in effect and you had had a \$15 million lending limit bank here at that time, would you have considered them rather than going to Boston?

**A.** I would say that we might very well have, yes, because we are interested, generally speaking, in the larger banks, even though we have a particular need at the moment that



is far lower than the maximum lending limit, because the very nature of our business requires us to have a lot of bank availability. We never know from week to week when we are going to need a very substantial sum of money for the acquisition of a new business or for new branch stores or for a lot of things. Many of them can be planned sufficiently ahead so that we can make banking arrangements over a long period of time, but quite often we have to get a very fast answer, and where there is a larger institution, our experience has been that you get a very much faster answer for the same number of dollars that are involved; and, of course, the cost of putting on the loan may be less if you had one [fol. 4241] bank that could take care of the particular need, instead of having to go to a series of them.

Q. Would you prefer to have that one bank in Philadelphia rather than in some other city?

A. Yes. The reason I say that is that each bank is a problem. You have got to cultivate it. The top officers in our institution have to know the top officers in the banks, and there are just so many banks that you can hope to keep a close relationship with over a period of years, and that is the reason why we prefer the larger ones, because it is just less work for our top offices, and we are able to meet our needs with the offices we have instead of expanding very much more than we have had to.

Q. It is in the record here that if this merger were accomplished, the resultant bank would have a lending limit of \$15 million, but that would be still slightly less than the lending limit of the First National of Boston. Assuming the financing of a bank loan being necessary, such as you described to us when you went to First of Boston as the lead bank, if that came along again, and you had a \$15 million bank here, would you select it as the lead bank?

A: We might very well do that. As I say, we prefer Philadelphia over the balance of the country, because our [fol. 4242] top officers are physically located here.

Q. Even though there might be a larger lending limit in the bank of Boston?

A. That is only one of the elements, yes, that is only one of the elements. It is the accessibility that is important, too. Let me put it this way: All other things being equal, we would deal in Philadelphia rather than elsewhere. It is

just because all other things are not equal that we go elsewhere?

Q. Let us assume we had this \$15 million bank and did deal with it in transactions such as you described when you went to First Boston before, would that mean necessarily taking away some of your business from the other Philadelphia banks which you now deal with?

A. Oh, I think we would give them more business rather than take away from them.

Q. I mean banks other than Philadelphia and Girard.

A. Yes, that is what I mean, because things that are now being taken care of by Philadelphia and Girard would probably go to some of the other banks, because we would have filled up the tank, so to speak, with the \$15 million, or whatever the credit is, on the accounts receivable that otherwise would have gone to Boston. There would be a spillover, you see, down to the others. Certainly in our smaller needs we [fol. 4243] would be going to other Philadelphia banks.

Q. Do you consider it good policy for a company such as yours to borrow right up to the lending limit of a particular bank before it makes arrangements for other banks?

A. No, I would say that was not our policy. Of course, we look at all of our needs as a whole, and we look at the banking community as a whole. As far as we are concerned, the whole United States is one great big banking reservoir, and we have to meet our needs out of that reservoir. We find that it is easier to meet our needs if we try to keep as many banks as we can conveniently keep associated with us.

You have a problem there. You can't take on too many because of the difficulty and the time that is consumed and the cost of the relationship. On the other hand, you can't have too few, because when you need a particular credit and it is not available, you have been wasting your time for the past couple of years. So you have got to find that happy medium between the too many and the too few, and a part of that is not filling up any one bank to its lending limit. We [fol. 4244] like to have availability, if possible, not only over-all availability, but availability in an individual bank, because, well, for one thing, if a bank has a lending limit of \$10 million and you want a \$5 million credit, you are going to get it after a normal amount of negotiation, but if

it has a lending limit of \$25 million, you are going to get it considerably sooner. That has been our experience.

[fol. 4245] Q. Do you consider that you will get it considerably sooner if it has a lending limit of \$15 million rather than a lending limit of \$8 million?

A. Oh, yes. Yes. It's proportioned. It isn't only lending limit. That is one of the elements but again, other things being equal, that makes the difference, you see.

Q. Along the line of your discussion a moment ago, is the arranging of a loan with a group of local bankers in order to get the aggregate lending limit of each a desirable thing, from your point of view?

A. I am afraid I don't quite understand the question.

Q. As contrasted with being able to go to a bank like the First of Boston which you have mentioned?

A. Yes.

Q. Or we will say Chase of New York—sometimes you go to them, don't you?

As an alternative to that, is arranging a group loan with the largest banks in Philadelphia or a group of the large banks in Philadelphia a satisfactory substitute?

A. No, sir.

Q. Tell us why not.

A. Well, if you have four banks you have four groups of lawyers and they think up 44 times as many objections as one lawyer.

[fol. 4246] Q. You, as a lawyer, know that?

A. Yes, sir. I have had that experience. I have been personally in the midst of these negotiations for a great many years, so I speak with wounds to show for all of the battles that I have had.

In addition to that, you don't pay one fee; you pay each one of the lawyers representing each one of the banks a fee. I find that makes a difference.

You also have to cultivate four banks. Even though there is a managing bank and the other banks are just along with them, you still have to cultivate them. They want to come in and say hello to you and they want you to come and take lunch with them and all of that is time-consuming and you really don't get four times as much information or benefit out of it.

I guess they are the main—oh, yes. You also have to keep

balances. I had forgotten about that, and you would never keep just the right amount of balances. You always keep extra balances, so that you multiply, as you have more banks, and the cost of your balances is that much greater.

We believe in keeping balances, but there comes a time when you can't meet all of the desires of all of your banking connections, unfortunately.

[fol. 4247] Q. Well, now, you have spoken about getting a quick answer?

A. Yes, sir.

Q. Isn't it true that a bank with a large lending limit, as in the case of the First Boston, which I think was the example that you gave, even though it is true that such a bank can give you a fast answer, isn't that an advantage even though ultimately the loan will be shared in by other banks?

A. Oh, yes, a great advantage; and the larger the bank we have found the more able they are to speak, not only for themselves but for other banks.

Q. Have you any examples of that with First Boston?

A. Well, yes. We have gotten commitments over the telephone from a gentleman who was then the Executive Vice-President, now the Vice-Chairman of the Board of that bank, for \$20 million, which is in excess of their lending limit.

The reason I remember it so vividly is that he was in Acapulco at the time, and I was in New York, and the connection wasn't too good, and we had a heck of a time to make him understand the name of the company we proposed to buy. As soon as he finally made it out he said "yes" fast. We were going to buy it at that time.

Q. Could you have gotten a similar rapid answer from any bank in Philadelphia, in your opinion?

[fol. 4248] A. Certainly not—I wouldn't expect to on a \$20-million request; no, sir.

Q. Would the size of the First of Boston, even though the \$20 million would exceed its limits, have anything to do with its ability to give that quick answer?

A. Yes.

Q. As contrasted with the Philadelphia banks?

A. I would say yes.

Q. Why?

A. Because the size of that bank meant that it was able to take, I suppose, their loan limit was \$16 million, something

like that—they knew right off the bat that they could take \$16 million and he knew where he could place the other \$4 million, I suppose, without any difficulty, with friends.

Whereas, if you only had \$10 million of it spoken for you would have to find the \$10 million more. You might have considerably more difficulty; so that size is an important factor, I would think. At least, I expect it to be. That's why we handle our banks the way we do.

Q. Now, we have been discussing primarily loans. How about deposits? Does your company have deposits in most of these banks that we have been talking about?

A. Yes, sir.

Q. Do you maintain deposits in New York?

[fol. 4249] A. Yes, sir. City Stores has about 90 deposit accounts around the United States. Bankers' Securities has only about 15, I'd say, something like that.

Q. Do you keep all of your cash in deposits or do you ever go into other types of short-term investments?

A. We go into other types infrequently. I think the last time we were in the note market was in 1959 for a short time. We had a half a million dollar worth of Chase notes. That's probably the first time we have been in the note market for ten years.

We also have some other short-term Governments from time to time. Some of our subsidiaries—you may have it for specific needs if you are going, in a particular subsidiary, to need money two years from now you may put it in two-year or year-and-a-half notes or something of that sort.

But we believe and we have been acting on the basis that we ought to keep our money in regular accounts, and sometimes in interest-bearing accounts, but mostly regular accounts with banks because we need banking accommodations so frequently and in such amounts that we like to build up the good will that goes from having those accounts.

Q. Are you solicited by banks from outside Philadelphia?

A. Yes, sir.

Q. From what cities? Banks from what cities?

[fol. 4250] A. Well, I asked my secretary to check over my list within the last week or two, and within the past year there were 26 different bankers from outside the city that had been by or called or written, most of them, I would say, from New York, the First of Chicago, Pittsburgh National,



Crocker-Anglo in San Francisco, the Bank of America, San Francisco, United California, San Francisco, Republic National of Dallas, First National of Birmingham, the Union Planters of Memphis, New Orleans, the Hibernia, Atlanta, Miami.

I would say—you see, they are where our principal stores are located or our principal enterprises outside of the Philadelphia-New York area; and that is the reason those banks, when they are in this area, try and drop by or may write on a specific problem or try to interest us in something. Every once in a while they submit possible situations that may be of interest to us in their territories.

Q. In your opinion, as an experienced businessman in Philadelphia, would this merger of the Philadelphia National and the Girard be a good thing for Philadelphia, for Philadelphia business?

A. Yes, sir.

Q. Will you tell us why?

A. We are competing all the time with these other areas and I think Philadelphia has been the butt of small-town [fol. 4251] jokes for long enough so that we know that being a Philadelphia concern in itself is a little bit of a handicap on a national basis, and I think that anything that makes us competitive with the rest of the country is helpful to the business interests of Philadelphia, particularly those of us that have business interests that range around the United States.

Also, the fact that they will be able to do a better banking job, it seems to me, is a real benefit to the community. It is going to keep more of the banking in Philadelphia on a competitive basis and all of that is good for the city, tremendously good for it, and our company, which has very large interests in the City of Philadelphia, frankly, is selfishly interested in seeing Philadelphia become much more important and much better and bigger, and I think this is one of the steps that will be very helpful.

Q. But aside from your natural pride in Philadelphia and wanting to see it, is there a good business reason from the point of view of your company and its subsidiaries to have this larger bank?

A. What I just said wasn't pride. It was self-interest to a certain extent because it is beneficial to us to have more

banking taken care of in Philadelphia than having to go elsewhere. They will take care of our needs better, in my opinion. They will take care of other needs, and Philadelphia [fol. 4252] will become a more important banking and therefore a more important business community, which is very good for us.

I am not talking about pride; I am talking about dollars and cents in the bank.

Q. Can you see any disadvantage, first to the business world, in having this larger bank, whether it is small business or large business, small borrowers or large borrowers?

A. Not the way banks operate today; no, I would think not. It would be quite beneficial all around.

At one time I think it made a difference. There used to be snooty banks, but there are no snooty banks.

Q. Would it cause any detriment or disadvantage to other banks in Philadelphia to have this merger of Philadelphia and Girard?

A. I am not a banker, not in that sense anyway, not a commercial banker. I would think not, but I just don't know.

Q. It wouldn't in so far as your company is concerned?

A. No, no. I would think that so far as we are concerned there would be an aggregate of more business done in Philadelphia rather than less.

Mr. Littleton: Cross-examine.

[fol. 4253] Cross-examination

By Mr. Reycraft:

Q. Mr. Amsterdam, is one of your directors at City Stores Mr. Semenenko?

A. Yes, sir.

Q. Is he an official of the First National Bank of Boston?

A. Yes, sir. He is. He is the gentleman I mentioned earlier, the Vice-Chairman of the Board.

Q. How long has he been a member of your Board?

A. Oh, I would say the better part of ten years.

Q. Has he been active during that time in your company?

A. Well, active as a director, yes, and as a banker. We consult with him on banking matters quite frequently.

Q. Would you expect to do that if these two banks merged?

A. Oh, yes.

Q. So that you would continue that banking relationship irrespective of what the Philadelphia National and the Girard did?

A. We would continue the relationship, certainly.

Q. As far as Bankers' Securities Corporation is concerned, can you tell me what the loans outstanding are at the present time with Philadelphia National Bank?

A. No, I am sorry, I can not.

Mr. Reycraft: Will you mark this as Government's Ex-  
[fol. 4254] hibit No. 255? It is a four-page document which  
was submitted by Bankers' Securities Corporation in re-  
sponse to a subpoena.

(Four-page handwritten document headed "Lines of  
Bank Credit—Bankers' Securities Corporation (Merchan-  
dising Division) in Response to Question 1," was marked  
Exhibit G-255 for identification.)

By Mr. Reycraft:

Q. Have you seen that document before, sir?

A. Yes, I have.

Q. And that is the document which was submitted in re-  
sponse to a subpoena by the Bankers' Securities Corpora-  
tion?

A. That is correct.

Q. Will you turn to the second page and tell me, if you  
will, sir, the loans outstanding with the Philadelphia  
National Bank?

A. As of May 27, 1961, which is the latest date that is  
set forth on this exhibit, the amount was \$3,150,000.

Q. How about with the Girard?

A. The Girard, \$1,900,000.

Q. Would you read off the other loans on that?

A. Yes. Provident Tradesmens, \$1 million; nothing for  
the Manufacturers' Trust as of that date.

I am reading all of these as of May 27, 1961:

[fol. 4255] Central-Penn, \$750,000; Camden Trust,  
\$400,000; First Pennsylvania Banking & Trust Company,  
\$3 million.

Q. So that you are well within the lending limit of the Philadelphia National Bank as of that date?

A. Yes.

Q. And of the Girard?

A. Yes.

Q. And of the First Pennsylvania Company?

A. I am not so sure, because, you see, they tie in all of our affiliated institutions. This just gives you the story on Bankers' Securities Corporation.

In addition, there were accommodations to various other of our affiliates and they have a way of tying a lot of things together that I don't half understand sometimes, because once in a while we get a call from one of them saying, "Well, you have hit the ceiling"; and we know that we are nowhere near the ceiling and it turns out that they have taken in a lot of companies where we even have less than a majority interest and they include them because they are companies that are affiliated with us.

That is why I say my recollection is that—I can't—my recollection with First Pennsy is that we may have been closer to the ceiling than this would indicate.

Q. And you also have a director from the First Pennsylvania Company, do you not, on your Board?

[fol. 4256] A. The president of that bank.

Q. Mr. Kelly?

A. Not on the Board of Bankers' Securities Corporation. This is on City Stores Company.

Q. Yes.

A. Yes, sir, Mr. Kelly.

Mr. Reycraft: That's all.

Mr. Littleton: Mr. Price?

Mr. Price: I have no questions.

Mr. Littleton: I have no further questions.

Mr. Littleton: If Your Honor please, would you entertain a suggestion of earlier adjournment rather than get started with another witness before lunch?

The Court: I would be very happy to.

Mr. Littleton: Thank you.

(Recessed at 12:10 o'clock P.M. for luncheon until 2:00 o'clock P.M.)

[fol. 4257]

File endorsement omitted

## AFTERNOON SESSION

Present: Counsel as before noted, and Henry A. Frye, Esq., for Sun Oil Company.

JOSEPH T. WILSON, JR., having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Littleton:

Q. Mr. Wilson, where do you live?

A. I live in Pitman, 72 Cyrus Avenue, Pitman, New Jersey.

Q. By whom are you employed?

A. I am employed by the Sun Oil Company.

Q. In what capacity?

A. I am secretary and treasurer of that corporation.

Q. How long have you been employed by the Sun Oil Company?

A. I was employed by Sun Oil Company in September of 1940—'41, '41.

Q. 1941?

A. Yes, sir.

Q. Prior to that, what was your business or profession?

A. I was employed by Price, Waterhouse Company, public accountants, in New York.

Q. Are you a certified public accountant?

[fol. 4258] A. I am, in the State of New York, yes, sir.

Q. How long have you been treasurer and secretary of Sun Oil Company?

A. I was elected to that position effective the first of February 1961.

Q. Before that, what were you?

A. Before that I was assistant secretary and assistant treasurer for a period of five years.

Q. As a result of your experience with the company and



your present occupation are you acquainted with the company's borrowing needs?

A. Yes, sir.

Mr. Reycraft: Your Honor, before we go into the examination I would like to raise a matter involving a subpoena which was issued to the Sun Oil Company in connection with the witness' testimony.

We sought information on the line of credit and the loans of the company and to the present time the material has not been furnished to us, although it is in court with the company's attorney.

I request that I be given the opportunity to examine that material during the time the witness is testifying so that I may prepare to cross-examine.

I believe counsel for the company wishes to be heard on [fol. 4259] the matter.

Mr. Frye: If the Court please, instead of troubling the Court with a motion to quash the subpoena or for a protective order, we understand that with reference to previous witnesses, Your Honor has been taking cognizance of certain information that the witness had which was not to go into the record or to be available for competitors; and on that basis we are willing to cooperate.

Mr. Reycraft: I may say, Your Honor, I would have to see the material before I could agree.

Mr. Frye: On all of this, I think you should get an order from the Court before proceeding.

The Court: What subpoena did you serve on them?

Mr. Reycraft: A trial subpoena, Your Honor. It was served before the trial began, similar to the subpoenas which were served upon other witnesses who have appeared.

We have asked for information about the lines of credit and the loans in order that we might know what the company's loan requirements were and line requirements.

As I say, we don't have the information and I believe that I will need it in order to cross-examine the witness.

Mr. Frye: If Your Honor please, I think we can clarify part of the situation at the outset. Mr. Spaeth appeared [fol. 4260] here on behalf of the Pressed Steel Car Company and as to that information Your Honor ruled that they were not required to produce it.

Mr. Reyecraft: We are not pressing that matter.

Mr. Frye: That applied to other matters also.

As we left the courtroom after Your Honor had made that ruling, the question was then raised by Mr. Reyecraft as to the other items, and I said to him that there would be some objection. As I understood our understanding it was that when the question arose we would appear in court so that we did not make a timely motion to quash the subpoena.

Mr. Reyecraft: I have no objection on the question of time.

Mr. Frye: Within the limit.

Now we have here a credit agreement, which I understand from Mr. Wilson there is no question about, and also the loans.

The question of one item, as to which we do raise objection, is the deposits, which we do not feel should be made a matter of public record at all. There is also the matter of relevancy, but that is for you to argue.

Mr. Reyecraft: Do I understand that you have no objection to the other material?

Mr. Frye: We have no objection to the other material [fol. 4261] being used, but not that it be spread upon the record.

The Court: You are objecting, as I understand it, to income deposits. Is that what you are objecting to?

Mr. Frye: The deposits, we do object to entirely, sir.

The other items are the existing credit agreement and the revolving credit loans as they stood from the period of 1958 to 1960.

The Court: What about the matter of deposits, Mr. Reyecraft?

Mr. Reyecraft: If the only objection is as to deposits, Your Honor, if I may see the material while the witness is testifying it may not be necessary to go into it, although we have gone into it with the other witnesses.

The Court: I know, but they raised no objection.

Mr. Reyecraft: I know, sir, but Mr. Littleton has taken the position that he is hoping to attract additional deposits and the degree to which this is going to be done—

Mr. Littleton: As long as I am quoted; I may say I have no intention of asking this witness anything about his deposits.

Mr. Reycraft: If I may see the material while the witness is testifying, it may be that I won't want to go into it.

[fol. 4262] The Court: I don't think that that is an unfair request, do you?

Let him see it, as long as he doesn't spread it on the record or use it.

Mr. Reycraft: If I should ask a question we can raise it again at that time. I am obviously not going to ask it until I give Mr. Frye an opportunity to object.

The Court: He is not going to question him on the deposits.

Mr. Frye: I am willing to proceed to that extent and then raise the question later to Your Honor, if necessary.

The Court: All right.

Read the last answer, Mr. Lennox.

(The testimony was repeated by the reporter as follows:

"Q. As a result of your experience with the company and your present occupation are you acquainted with the company's borrowing needs?

"A. Yes, sir.")

The Court: All right.

Now, then, go ahead from there.

[fol. 4263] By Mr. Littleton:

Q. Will you first describe for us generally the type of business in which the company engages and arranges its operations?

A. The Sun Oil Company is a fully-integrated oil company engaging in production, refining, marketing, and transportation of petroleum and petroleum products. Our range of operations is world-wide, in as far as production is concerned, in that we have production largely in this country, but also in South America.

As far as marketing is concerned, we market in an area east of Chicago and south to Florida, with a subsidiary operating in Canada.

The two main refineries of the company—the two refineries, one is located at Marcus Hook, Pennsylvania, and another one is located at Toledo, Ohio. A third one is in part

of our Canadian affiliate, a subsidiary, located at Sarnia, Ontario.

Q. Where is the principal office of Sun Oil Company?

A. 1608 Walnut Street, this city.

Q. Philadelphia?

A. Philadelphia.

Q. Are you an officer of any affiliated company of Sun Oil?

A. Yes, sir.

[fol. 4264] Q. Which is that?

A. Quite a few, sir.

Q. Well, I am referring particularly to the SunOlin Chemical.

A. The SunOlin Chemical Company is an affiliated company, not a subsidiary. Sun Oil Company owns 50 per cent interest in that company and the other 50-per-cent interest is owned by Olin Mathieson Chemical Company.

Q. And you are what of that company?

A. I am a director and treasurer of that company, sir.

Q. Of the SunOlin Company?

A. Of the SunOlin Chemical.

Q. Now, we are very interested in the Sun Oil Company.

How large is your company in terms of its assets?

A. Of fixed assets, in the area of \$600 million, sir.

Q. How does that compare with 10 to 12 or 13 years ago?

A. It's about twice; double what it was in 1951.

Q. Now will you describe for us the borrowing needs of the Sun Oil Company since, we will say, 1948?

A. It was a practice for Sun Oil Company to have arranged a line of credit with a group of banks for a two-year period. We initiated that practice in 1948 and each two years we would renew such an agreement.

The volume varied, on an increasing basis, from \$16 million up to \$50 million.

[fol. 4265] The general arrangement was that in the initial two-year period we could borrow to the extent of the loan or to the extent of the line of credit on revolving notes, which would be due every 90 days. At the end of this basic two-year period the notes would be converted into term loans, which would be repaid in the next five or six years, over a definite schedule.

Until the 1956 credit agreement we did not see fit to exercise our line of credit to a very great extent. In fact,

it was not done at all by the parent company, but only to relatively small amounts by subsidiary companies—pipelines and so forth.

However, in the 1956 agreement, in the latter part of the two-year period 1956-57, we did need substantial sums of money and in the year 1957 we borrowed a total of \$40 million under the then existing credit agreement.

I might say that one of the devices that Sun Oil company, has used over the years is the use of stock dividends and a nominal cash dividend rather than large cash dividends; and in this respect we have invested our funds, our earnings, back in the company. This has precluded our using large volumes of bank credit or long-term credit in any time, except unusual circumstances like we ran into in 1956 and 1957, at which time we had just completed a change in our [fol. 4266] marketing policy of using blending pumps in our service stations, and then on top of that expense, which, in a two-year period was about \$20 million, an opportunity arose for us to obtain some concessions in Venezuela and it was at this time that we exercised our prerogative under our credit agreement and borrowed \$40 million, which became term loans in 1958; and since that date we have not exercised, we have not negotiated any additional credit agreements, nor have there been any substantial borrowings for Sun Oil Company and its subsidiaries.

[fol. 4267] Q. Back in 1948 did you actually borrow any money at that time?

A. No, sir.

Q. What the amount of the line you arranged for at that time?

A. \$16 million was our first line.

Q. And with what banks did you do that?

A. The main bank, or the lead bank, as it is referred to, was the Chase Manhattan Bank in New York.

Q. Were you a customer of any Philadelphia banks at that time?

A. Yes, sir, we were customers of several Philadelphia banks—Fidelity-Philadelphia and Philadelphia National Bank.

Q. But you went to Chase?

A. Yes, sir.



Q. Why did you go to Chase for an arrangement of this kind?

A. Well, I am not sure what the individual credit limits were of the individual banks in Philadelphia at that time, but I think that 13 years ago they were substantially less than they are now, and it seemed prudent to go to the larger banks in New York that could take a larger proportion of the loan that we required.

[fol. 4268] Q. If there had been a \$15 million limit bank at that time, or if a similar need arose today and you had a \$15 loan limit bank in Philadelphia, would you go to Chase?

A. No, sir. We would prefer to stay in Philadelphia as the lead bank.

Q. Why, Mr. Wilson?

A. Well, we look on ourselves, Sun Oil Company, as being primarily a Philadelphia organization. I think there are certain advantages to dealing with bankers with whom you are in very close contact and get very good service. I think that it creates an increase in the flow of funds to Philadelphia if we can have the lead bank here. I have a feeling that if the Philadelphia National is the lead bank and there is no previous pattern of participating banks, I think that the thing to do, if the lead bank sees fit, would be to secure funds from other Philadelphia banks and stay away from New York entirely, if that were possible.

Q. Have you, in fact, endeavored to use the Philadelphia National as a lead bank in any of these lines?

A. In the last credit agreement which I mentioned, initiated in 1956, we did use the Philadelphia National Bank as a lead bank. The participating banks were the same as had been in previous credit agreements, but we felt that it would [fol. 4269] be appropriate for Philadelphia National to be the lead bank, in that they were a Philadelphia institution, and even though they were able only to participate to the extent to  $\frac{1}{8}$  of the total credit limit, and one of the New York banks participated at 50 per cent, it was worked out and was agreeable to the New York banks to go along on this basis.

Q. Would it, in your opinion, have been preferable if you had a larger limit with the Philadelphia National?

A. Yes, sir, because the  $\frac{1}{8}$  participation, I would be hesitant to ask anybody, if their participation were any less than the  $\frac{1}{8}$ , to even think of being the lead bank.

Q. Why did you hold the Philadelphia National to only \$5 million when they could have loaned up to \$8 million?

A. I believe that there were some other loans outstanding in minor quantities, but I feel that we should never borrow from a bank up to its full capacity to loan to an individual customer. I think that you should always maintain flexibility in your borrowings, and a financial officer might find himself trapped if he had to borrow slightly or a few million dollars more on the same venture.

We have put in the testimony a reference to Sun-Olin Chemical Company. I think that is a good example. When this company was organized, our first project was to build [fol. 4270] a urea plant in Delaware. Some of our preliminary estimates indicated that we would need to borrow \$10 million, which we would pay back in a short enough period of time that this credit could be handled by a bank or a group of banks. We preferred to deal with one bank in this because it is a lot easier to treat with the officers and people involved in it, so we considered Philadelphia as a city and also Philadelphia National Bank specifically as to whether we would discuss this loan with them.

\$10 million was beyond their loan limit at that time, and even when we got the final figures—the loan was determined that it would be \$7 million—we felt that it was not appropriate to discuss this with Philadelphia National because this was too close to their total limit to the bank, and this, I think, proved a wise decision in that the plans of this company were changed, and we then decided that we needed \$36 million for an expansion of this chemical company, in that we were going into several other additional ventures.

The new venture would indicate that the return to the lending institution would be in a period of 15 years, which would be too long for the banks to participate in, and it was decided that we should take 1/3 of the money to the banks, [fol. 4271] or \$12 million, and again we would prefer to have one bank handling that, and the balance of the \$24 million would be placed with pension trusts and insurance companies.

So this was the pattern that was developed, and it was no later than July 14 of this year that these agreements were made in which a single New York bank handled the \$12 million and a group of insurance companies and investing

companies provided the other \$24 million, and again as part of this pattern there was never any question but that the one lending bank was the agent or was the trustee for the entire plan, and it is that area that I feel that the lead bank has an advantage to a community in that in the flow of funds that are generated by the lead bank I feel that there is a definite advantage to having as many of the lead banks in Philadelphia as possible.

Q. At the time you arranged this SunOlin loan, if the Philadelphia National Bank had had a lending limit of \$15 million, would you have had them handle it?

A. Yes, sir.

Q. And if such a loan came along again, and they had a \$15 million loan limit, would you consider them to handle it?

A. Yes, sir.

[fol. 4272] Q. Would you prefer to have a bank in Philadelphia handle things of that type?

A. Yes, sir.

Q. Why?

A. To repeat, I believe it is a lot easier to work with people with whom you are very familiar. You can reach them or get in touch with them very easily, and they have demonstrated their willingness and desire to be of the utmost service to us as a company.

Q. Is there any time element involved, any time element or convenience element involved?

A. Yes. Very often, if you are talking in terms of New York, it is very difficult sometimes to conduct all your discussions on the telephone, and I think that when we are dealing in millions of dollars, it is a lot easier to meet somebody face to face and have such discussions.

Q. This would be possible in Philadelphia. However, I am afraid that in many cases, in discussions with New York banks, even for the sake of a half-hour meeting, it takes pretty much all day to get on the train and go over and see them, so that we at times possibly have used the telephone more than we should have. I think it would be to the banks' and our mutual advantage to meet face to face with the people that we are very familiar with and who are more [fol. 4273] familiar with our over-all operations.

Q. In addition to credit requirements, do you use the service of the Philadelphia National Bank in other respects?

A. We use them in certain phases of our foreign exchange operations, largely where it is a question of buying and selling foreign currencies or clearing letters of credit with foreign institutions.

Q. With the present size can the institutions take care of all your foreign requirements?

A. No, sir. We have found this especially true in Venezuela. While Philadelphia National Bank does have good contacts, we feel that for immediate knowledge, any time during the year, that we are better advised and will receive more up-to-date information if we deal with one of the banks in New York that has daily contact with Venezuela or has branches there.

Q. Do you believe that if the larger bank becomes a reality, the foreign department thus enlarged will be able to serve more of your needs?

A. I think there is no doubt about that, that as the bank grows, I feel sure that their foreign operations will also grow and will then be in a better position to further serve [fol 4274] the needs of Philadelphia.

Q. And would you prefer to use the Foreign Department of the Philadelphia National Bank if it is large enough to take care of your needs?

A. Yes. We use them in all areas that we now can and would continue to expand that use.

Q. Would the use of the Philadelphia-Girard Bank merged on a larger basis detract at all from any other banking arrangements you might have with other Philadelphia banks?

A. No, sir. My personal feeling is that that would create additional banking requirements in Philadelphia. I again get back to this lead bank, that if we did not have a previous pattern of banks in our credit agreement, if we were going into some new venture, I would think that with the Philadelphia lead bank the normal reaction would be to ask other Philadelphia banks to participate, and under our present circumstances I don't think that would happen with the New York bank being the lead bank. It will then only be in the case that we, the borrower, are particularly interested in having a Philadelphia bank participate.

Q. Let me understand this. When you have a selected



bank for a lead bank and you want to put together a number [fol. 4275] of banks for a loan, who determines what banks come into it?

A. It is usually determined mutually with the lead bank, that the lead bank will make suggestions and the customer or the borrower will make suggestions, and then after you have arrived at your agreement as to what banks will be asked to participate, then the lead bank will go to the other banks and determine whether they are interested.

Q. And on what basis generally are the participations assigned?

A. Usually in relationship to business performed.

Q. Does it have any relationship to the size of the bank itself?

A. That will be the governing factor, but you will probably be doing business with them to include them in the list. Then the size of the bank will determine the amount that they will be asked to participate in.

Q. When you are selecting a bank to lead in putting together a loan of this kind, does the size of the bank have anything to do with it other than the lending limit of the bank?

A. Only service.

Q. Is there any thought that the prestige of the larger bank would be helpful in putting together a group?

[fol. 4276] A. I think that would depend on the size of the loan. In the area with which Sun has been dealing, of \$40 million to \$50 million credit limit, I see no problem with a bank of a \$15 million lending limit being the lead bank there. However, I certainly will admit that if we were borrowing \$100 million or \$150 million we probably would have to go to one of the largest banks in the country to head up such a program.

Q. In putting together one of these groups or syndicates to take a group loan, is there any limit to the number, so far as the policy of your company is concerned?

A. No, sir, there is no limit to the number except to keep it to a minimum, that you will have less people to deal with. You have problems in obtaining the money, in the first place. If you are going to borrow, you have a credit agreement, you don't take the whole amount down at one time. Therefore, if you have a lot of little participants, you find that you



have to write into your credit agreement that this will be done in multiples of so many thousands of dollars, and the more people you have, the smaller participation and the more details involved in doing it, and it is for that reason that in this recent SunOlin dealing I indicated that we would much prefer to deal with one bank.

[fol. 4277] Q. The fewer the better?

A. The fewer the better, yes.

Q. Are you solicited by banks from other cities for your loan business?

A. I would estimate that a banker from another city is in my office an average of once a day during the calendar year.

Q. Those cities are generally what?

A. Well, we have bank accounts in approximately 100 different banks. Most of those will have people stop by to see us sometime during the year. Some are so small that they do not have people come through. On the other hand, we are also solicited by many banks that we at one time had accounts with but for various reasons it has been deemed appropriate to close the account. There are other banks that want to be included in the list of banks with which Sun Oil Company does business.

Q. These are banks from other cities, such as New York and Boston?

A. Other cities, yes, sir—New York, Boston, San Francisco, Los Angeles.

Q. I gather from all your testimony that you think this merger of Philadelphia and Girard would be a good thing so far as your company is concerned?

[fol. 4278] A. Yes, sir, I think it would.

Q. So far as the business community of Philadelphia and the Delaware Valley area are concerned, what is your opinion?

A. I also think it would be good for the business community here. I tried to indicate that I think that the flow of funds is important to the life of a community, to the financial life, and as you have larger banking institutions I think that you will increase, you will generate additional cash flow through the city, and in that respect I think that a larger bank will increase the cash flow through the City of Philadelphia.

Mr. Littleton: Mr. Price.

Mr. Price: No questions.

Mr. Littleton: Cross-examine.

### Cross-Examination

By Mr. Reycraft:

Q. Mr. Wilson, has your company's expansion or growth been hindered by the lending limit of any Philadelphia bank?

A. No, sir.

Mr. Reycraft: That is all.

[fol. 4279] P. JAMES DEASY, having been duly sworn, was examined and testified as follows:

### Direct examination

By Mr. Littleton:

Q. Mr. Deasy, where do you live?

A. 435 Camden Avenue, Moorestown, New Jersey.

Q. What is your position?

A. I am vice-president of R. and H. Management Company, that owns and operates Automotive Rentals, of which I am president, and Rice and Holman, of which I am vice-president, and Moreland Motor Company, a Lincoln-Mercury dealer, and Lincoln-Mercury dealerships in Miami, Hollywood, and Fort Lauderdale, and Motor Rebuilding, Incorporated, rebuilders of Ford Motors and parts under Ford franchise systems in Westmont and Merchantville, New Jersey, and Independent Parts—crankshafts, differentials, and so forth.

It is just an automotive galaxy.

Q. May we direct our attention to Automotive Rentals?

A. Yes, sir.

Q. That is a corporation, is it?

A. A corporation.

Q. How long has it been incorporated?

[fol. 4280] A. Since 1948, October.

Q. Will you describe generally the business of Automotive Rentals.

It is in the business of long-term—not short-term, day or month—long-term, a year, two years, up to 10 years leasing to fleets of passenger cars and trucks, buses, trailers, and some equipment leasing.

Q. To whom do you lease these?

A. Mainly to national fleets, large national concerns. Now, we have smaller concerns all the way down to a local police department or an individual, a doctor, a physician, an accountant, but, in the bulk, to larger national concerns such as United States Steel and Cudahy and Borden and RCA, American Cyanamide, Vicks Chemical, General Analine, and so forth.

Q. Where is the principal place of business of Automotive Rental?

A. The headquarters is at 7411 Maple Avenue, Merchantville, New Jersey.

Q. Merchantville is in Camden County?

A. In Camden County, in the Philadelphia-Delaware area.

Q. Do you have any branch offices?

[fol. 4281] A. Hardly as such, but to account for them we have an agent in Dallas who has an office and a marshaling yard for cars and handles distribution for us in the Southwest.

We have an agent with a marshaling yard and office in Detroit, just outside of Detroit.

We are trying to form one in San Francisco, but they are merely just means by which we can hold and marshal our cars around.

The control, the management, the sales direction and accounting are all at 7411 Maple Avenue, Merchantville, New Jersey, and the salesmen go out over the country from there.

Q. How large is your company, Automotive Rentals, in terms of assets?

A. Approximately \$14 million.

Q. How about sales?

A. On sales we did \$12 million, \$13 million.

Q. How do those figures compare with the size of your company, say, in 1950?

A. In 1950 we had sales of \$204,000, and we multiplied our

sales 60 times. This is just Automotive Rentals. Our total companies, we multiplied our sales three times, but Automotive Rentals, 60 times; and assets, we had \$1,200,000 in [fol. 4282] 1950. We have multiplied them 12 times, \$14,400,000.

Q. During that period how have you financed the company in its operation?

A. Entirely through banks, and starting with and mainly through the Philadelphia National Bank.

Q. Will you describe generally the borrowing needs of your company since 1950.

A. I didn't catch that.

Q. The borrowing needs of your company.

A. Oh. Well, the borrowing needs have gone up to \$15 million, between \$14 million and \$15 million now, and with what is planned for the next three to five-year cycle, based on what we are developing, we will need another \$15 million in three to five years, just with what we have, let alone what we might further expand and develop. That is just what will arise out of our position in the industry at the present time.

Q. How has your company met these borrowing needs since 1950?

A. Entirely through banks. There was one other bank who handled our paper in the beginning because it was a depository of RCA, and our first big account, but we only had RCA and a few little accounts up until 1952, between [fol. 4283] 1948 and 1952, and this other bank handled us because it was RCA's weight that was doing it, not us, but in 1952 our expansion began to be steady and firm, and the Philadelphia National Bank backed us right up to the present time to the full extent of its loaning rights to one company. We have absorbed practically the whole amount. We can't absorb quite the amount of the line of credit because you can't split an account in half, so you will notice that our borrowings from the Philadelphia National are a little under their total earning capacity.

Q. Did the time come when you exceeded the ability of the Philadelphia National Bank to finance?

A. Yes, it did, and it came at a time of tight money. As our charts show, that we have furnished to whoever we have been asked to furnish it to, as the subpoena directed, our

charts show our borrowings, and you will see that when our expansion occurred was in a time of tight money, when we got past the total loaning capacity to one company of the Philadelphia National and we were stymied; and the Philadelphia National was very much concerned. It tried to find us participating banks, and just coincidentally then—it is a long story—but due to Ford Motor Company connections, they told me to go in and see the Bank of New York, and I couldn't have gotten started in business with the Bank of [fol. 4284] New York had it not been for the Philadelphia National Bank. We had to tell the bank in New York who we were. We had to bring their officials to Merchantville to see us—our principals, the plans we have, the personnel, the money-making ability of the people we have, and take them to our bank, who could confirm that we had a clean, good record as business people in the automotive industry for 35 years and that our relationship with that bank has been proper, and Philadelphia National Bank sold us to the Bank of New York.

Q. May I ask you, were none of the Philadelphia banks interested in this type of financing?

A. One was just prior to that time and had even courted us a little bit, but tight money came, and at the time we were looking for more money for expansion. One Philadelphia bank wrote us out of the picture, so we took that account to the Bank of New York.

Q. Did you want to go to New York?

A. No.

Q. If the Philadelphia National had had a lending limit of \$15 million, would you have gone to New York?

A. No. Right at this point we would still be with one bank.

Q. If the Philadelphia National Bank should have now a [fol. 4285] lending limit of \$15 million what would you do?

A. Well, we would use it to the utmost, but, as I say, we would still keep our New York banking connection, which, incidentally, I want to assure you is splendid with the Bank of New York, and a couple of other banks we use, three or four other banks, because we are going to need another \$15 million over and above this proposed loaning capacity of the combined bank, but we would use it right to the hilt.



almost to the hilt. As I explained, you can't go to the hilt because you can't split an account.

[fol. 4286] Q. Why is it so much more important for you to have this accomodation to the full extent in Philadelphia rather than having it available in New York?

A. Well, just from our own personal approach, I am not an economist or a professor; I am a peddler and a promoter, and we know what costs are to do business, and they multiply some way or other, I don't know how many figures, in direct proportion to the distance.

But two things—not only do they multiply in telephone calls and plane fares and train fares for conferences and so forth, but they multiply in the handling of the machinery of processing automotive leases. The closer you are, the closer the two machineries are, that IBM system in Merchantville, and the system in Philadelphia National Bank, the less costly it is.

And also, if I haven't emphasized it before, very few banks in the United States understand the automotive-leasing business, and so far very few volunteer to help promote automotive-leasing business; and that has been the trouble with the automotive-leasing business in Philadelphia, and that is why the money that has been developed and flowed through the automotive-leasing business in the country came out of Chicago and New York banks and didn't help Philadelphia a bit.

[fol. 4287] We are the first to rise to this rise out of an original Philadelphia money—Philadelphia banks.

Q. You have deposit accounts with some of your local Camden banks, have you not?

A. Yes, to the fullest extent, of course. We have a little Merchantville bank, of which one of the Holmans is a director, the Holmans being the 75-per-cent owners of the Rice & Holman Enterprises, which is R. & H. management as I described, and the senior Holman is a director of the First Camden Bank and we have borrowings there to the fullest extent of their loaning capacity.

But I want to explain that that is only float money. That is not discounting lease paper. That is the float money to help us with vehicles between the manufacturer, the dealer, the body shop if we are equipping trucks, until it gets to the

consignee, the lessee, and we discount the paper at the bank—float money.

Q. Do you have similar accounts in any other Philadelphia banks?

A. No. One other Philadelphia National bank finances RCA, but that is because they are a depository for RCA; they are not doing it for us. We put the paper in there and it's a direct relationship as to the rates and the methods between RCA and that bank. We are merely a, shall I say a machine that handles it in between.

[fol. 4288] Q. I take it from your testimony that you feel this merger of the Philadelphia and Girard would be a good thing?

Mr. Reycraft: I object to the leading question.

Mr. Littleton: Strike it.

By Mr. Littleton:

Q. Mr. Deasy, do you hold the opinion—

Mr. Reycraft: I will object to that, too.

By Mr. Littleton:

Q. What is your opinion as to the beneficent or disadvantageous effects of this merger of the Philadelphia National and the Girard Trust Company?

A. Well, I have explained from perhaps a limited and perhaps a selfish standpoint that it would be excellent for us because we need more places—we need to discount more paper, as I have explained, another \$15 million in five years, and there will be seven or eight of it right there. That's No. 1.

Again, I am not an economist or a banker, but common sense tells me that if they merge they are going to accumulate capital faster together than they would singly and they are going to be able to increase their loaning capacity to us faster than they could single; so that's going to be a help.

[fol. 4289] No. 3 tells me that if we need it, as small business—we are small business. I have been listening to witnesses who are big business and they talk about \$60 million or \$80 million in New York.

Of course, we never arrived there, but if we need it, we talked about seven, fifteen, thirty million dollars in good, sound small business. There's a lot more of that in Philadelphia that's being shut out because of the paucity of banking facilities in Philadelphia.

If we are driven off to New York as a small business, aren't there hundreds of others—I don't know, I am not saying there are. There must be hundreds of others. There's a lot more little chaps like me than there are Sun Oil Companies, that are being shut out through the lack of loaning facilities, loaning capabilities, and banking facilities. The two go together. You can have loaning capacity and no facility, where they can't handle your paper because they don't know about you, they don't understand leases, they don't understand the automobile business, they don't have certain machinery for amortization sheets on leases and moving cars all around the country. They get scared of it.

Here's a bank—two banks, as a matter of fact, because the Girard, I happen to know, is a banker for one of our very fine competitors in the leasing business. They know [fol. 4290] this leasing business.

And there are dealers in Philadelphia that have been shut out and limited in the leasing business and that's why it's gone to New York and Chicago through Lease Plan and Four Wheels and Hertz and Avis, because you can't get it in Philadelphia in the automobile business.

So I say it's not only good for me, for us, from a selfish standpoint; it must be good for hundreds of others—small people, not only in the automobile field, but in other small fields of endeavor in the area that I am talking about.

It makes sense to me.

Mr. Littleton: Thank you.

Mr. Price?

Mr. Price: No questions.

Mr. Littleton: Cross-examine.

Cross-examination.

By Mr. Reycraft:

Q. Mr. Deasy, has your company ever had a line of credit with the Girard?

A. With the Girard? No, sir.

Q. Have you ever been turned down by the Girard?

A. No. No, sir.

Q. So you could, if you wished, I suppose, have a \$6-million [fol. 4291] lending limit with the Girard at the present time?

A. Oh, I couldn't say that. I couldn't say that.

Q. You have never tried, however?

A. No.

Q. What is your present line of credit with the First Pennsylvania Company?

A. What is the present line of credit?

Q. Yes.

A. We, as such, have none. We use none, but RCA has around \$1 million of paper all the time. If I can give you the exact figure, right now it's \$1.1 million.

It was here on this sheet that we supplied, Schedule A.

Q. And that is not credit to you but credit to RCA?

A. No, that's right. That's RCA. We sold the deal to RCA. We handled all the fiscal transaction and the lease paper flows through our office, but it's RCA's credit and RCA's loan and RCA's payoff direct to them.

We don't get the money. They pay direct.

Q. Now, are any of the loans indicated in the schedule which you furnished to the Government represented by the same type of paper? In other words, are they credit to your customers rather than to your own company?

A. Let me make sure I understand that question. Are any [fol. 4292] of the loans—

Q. Is RCA the only account of the type you have described?

A. The only account as clear-cut as that. United States Steel and Cudahy Paper; that is in the Philadelphia National Bank, are similar types of leases.

Is that what you mean?

Q. Well, I was misled to some degree by the suggestion on

the schedule that your company had a line of credit of \$1.1 million. Now will you tell us—

Mr. Littleton: Where?

The Witness: No. In fact,—

Mr. Littleton: Where?

Mr. Reycraft: At the First Pennsylvania.

Mr. Littleton: That is what I want.

The Witness: In fact, the First Pennsylvania, that's RCA money.

Now, the First Pennsylvania—

By Mr. Reycraft:

Q. It is a line of credit to your company; is that right?

A. No, sir. It's to RCA. It's not to us.

In fact, the First Pennsylvania shut us out in 24 hours a few years ago and cut us all off and said they were out of the leasing business, we could bring no more leases to them. [fol. 4293] Q. So the First Pennsylvania declined to give your company a line of credit?

A. Yes. Since then they have shown a different attitude but, after all, if it happened once it could happen again.

Q. Was that on the basis of credit experience?

A. Credit?

Q. Yes, sir.

A. Poor credit with us, do you mean?

Q. Well,—

A. No, sir. Nobody has ever denied us anything because of poor credit or poor business. I think I can say our prestige, our business prestige is very, very high in the automotive business and with all of these banks.

Q. But here was a Philadelphia bank who didn't want this type of business.

A. Not because of us. In the year they didn't want it (and they explained it to us) we even brought the assistant treasurer of the Ford Motor Company with us so the Ford Motor Company could be assured it wasn't us, it was their policy.

The Board of Directors, we were told, had decided that money was tight and they would rather have it in retail-automotive paper than leasing paper, and it was no reflection on us. That's what was told to us at the Pennsylvania Company at that time.



[fol. 4294] Q. Retail paper is more profitable, I assume?

A. Well, I asked Mr. Zuna that. They just said the Board of Directors, and they assured the Ford Motor Company it was no reflection on automotive rentals or the Rice & Holman interests or myself, but that they were discontinuing their moneys in leasing paper.

They stayed on the paper that was in there, but we couldn't put any more in as of noon a certain date.

But we took that paper and put it in the Bank of New York.

Q. Now, why didn't you go to the Girard?

A. Because the Bank of New York, by this time, as I explained we went to the Bank of New York through this direction of the Ford Motor Company and because money was tight and in Philadelphia at that time nobody was interested in us. The Bank of New York became interested only when it was sold on us and the Philadelphia National Bank helped do that selling; and frankly the Bank of New York was anxious to re-establish deposit relations with Ford Motor Company, so they started with us.

Now, at this time I am talking about they were with us and we shouldn't go—we don't believe in running all around to every Tom, Dick, and Harry to get money. We try to have some law and order in this thing, some loyalty, some con- [fol. 4295] nections, some growth and roots with people; not just jump to any banker who happens to look at us one day. He might look the other way the next day.

We want to be sure that our roots are down firmly.

Q. Now, the line of credit which you got from the Bank of New York at that time was \$2 million or \$2,250,000?

A. \$2,250,000, yes.

Well, it didn't start off that way; no, it didn't, did it? On your sheet is \$500,000, \$1 million, \$2 million, now \$2,250,000.

I can say this unofficially, that—I can say this officially, that unofficially they are willing to increase it, and we haven't.

Q. And you didn't even go to the Girard or the Fidelity-Philadelphia or the Provident Tradesmens at that time?

A. Sir, we can say this—we have never gone to a bank in our business. We don't think it's the right thing to do.

We have been taken to them. The Philadelphia National Bank approached us, and the reason they did was not be-

cause we were so important, but because they heard about the United States Steel deal, and we looked like we were going to get it; and perfectly properly they said, "We have Steel deposits, perhaps we ought to be in on this."

[fol. 4296] They came to see what it was all about and that's how we met the Philadelphia National Bank. We have never gone to a bank. We were directed into the Bank of New York, as I told you.

The other banks that are shown on the sheets have materialized because they were the banks of lessees, of national outfits like Borden—Chemical-Corn; and that's how we got there.

But the worst thing we can do in this business is solicit banking help, particularly automobile people. The prestige of automobile people isn't high with banks. You know the history of the mortality rate in the automobile business and they confuse that old mortality rate with us in the leasing business.

Q. Now, do I understand that the Girard was not soliciting your banking business?

A. Was not soliciting it?

Q. Yes.

A. We never had a direct solicitation but one of the vice-presidents played golf—I don't play golf—with some of my associates. He has been friendly.

I suppose if we had said, "Would you discount some of our paper?"—this was back in 1953—he would have done so. [fol. 4297] But now, sir, I want you to be very clear on this—what would have happened? This is when the Philadelphia National Bank is just getting started with us and they hear that we are importuning their competitor to bank what they are willing to bank.

Would that be right? They would say what kind of fly-by-nights are these boys? They jump around from one loaner to another.

One thing I have learned is show your stable side to people. I mean, let a bank know that you are sound, and don't go running off all over the lot trying to borrow here and borrow there to get capital.

Now, when the time came we needed it—see, we didn't need it then. Philadelphia National Bank was supplying it to us and when it got tight there wasn't a bank in Phila-

Philadelphia interested in increasing their money in leasing. In fact, even Girard, and I think I can say this—I know I can say it, but I don't know whether I am supposed to—at that time, in that tight money, called in several Ford dealers (one of them is a personal friend of mine) and quite properly now, and quite politely said, "Look, this thing is too tight. Some of these leasing boys were a little over-extended with these used cars, we would rather you shrunk down." [fol. 4298] Now, is that the time for us to go to Girard and say, "Could you loan us some money?"

And at the same time the Bank of New York came into this picture in the way that I told you, so isn't it a perfectly logical pattern how we moved from the Philadelphia National Bank to the Bank of New York? Not because we didn't want to go to Philadelphia banks, but because when we could go to them it wasn't good business on our part.

Philadelphia National Bank was taking care of us, and when Philadelphia National Bank reached its limit money was tight and they weren't—it was the wrong thing for us to try to do.

Q. And the Philadelphia—

A. It's clear to me what I am saying.

Q. And the Philadelphia National Bank suggested that you go to the Bank of New York; is that right?

A. Oh, no. The Ford Motor Company told us to go into the Bank of New York, Mr. Lloyd Kissig, assistant treasurer, and Mr. Lundy, who was then the treasurer called me up one day because everybody was concerned. We were reaching our limit and we had another account, another two accounts, big ones.

And, incidentally, this other Philadelphia bank had just told us no more credit, no more leasing money, I mean, I shouldn't say "no more credit"; it puts a wrong atmosphere [fol. 4299] in what I am saying.

We are not saying the leasing business, so we knew we had to take that out and put it somewhere sooner or later. We got nervous about that and money was tight, and the Ford Motor Company said, "You go talk to Kellein Hooper, at the Bank of New York. I don't know what you can do, but at least they have had a little experience with the Hall Leasing Associates, which is one of our competitors," and they like what they have seen and they have learned a little about

leasing in the car market, and the man there is Kellen Hooper."

He was a chap I knew during the war, so I walked in—and they would like to re-establish a deposit relationship with the Ford Motor Company. That was there, too. They had had one and something happened to it.

So I went in with no authority from Ford, only this is the guy we mentioned to you, look him over; and it was a cold day, I mean outside and inside, but they were polite and I got them to come down and the way we sold them is—we showed them our plants, more than that we showed them our people. That's what we do business with, people.

Then we showed them our bank, and they are as friendly with the Bank of New York now, as Philadelphia National, and neither one visits town without dropping in on the other. I think we have helped them and we got the First Camden [fol. 4300] very kindly increased their deposits as a correspondent of the Bank of New York.

I am not quite sure how these bankers move money around, but all I am interested in is getting what we need of it, properly and soundly.

Q. Now, the Girard wasn't interested in this business at the time, then?

A. Not in ours, no, sir.

Q. Do you have any assurance that if the banks merge—

A. May I go back to that question, because I can see what you are—I don't know how interested, but when I am interested in business I go after it. That is the way I can answer that. I really go after it. I ask for it.

Mr. Reyeract: All right. I can understand your answer to that. That's all I have.

Mr. Littleton: Any questions?

Mr. Price: No.

Mr. Littleton: Thank you very much, Mr. Deasy.

The Court: A ten-minute recess.

(A recess was had.)

[fol. 4301] The Court: Proceed.

Mr. Price: If Your Honor please, I would now like to read into the record the deposition of Charles E. Oakes, which was taken on July 13th.

The Court: I take it that the time has arrived.



Mr. Price: The time has come, yes, Your Honor, and with Your Honor's permission, I will ask Mr. Wright to substitute for Mr. Oakes.

The Court: Surely.

Mr. Price: The deposition of Charles E. Oakes.

(The deposition of Charles E. Oakes was then read into the record, as follows:)

CHARLES E. OAKES, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Price:

Q. Mr. Oakes, where do you live?

A. I live in Allentown, Pennsylvania.

Q. What is your present occupation?

A. Chairman of the Board and chief executive officer of Pennsylvania Power and Light Company.

Q. How long have you been connected with that company?

A. I started with the company in 1923, and aside from this [fol. 4302] period 1939 to 1946, a six-year period, I came back at the end of 1945 and have been with it since, up to date.

Q. When you first joined the company, in what capacity did you serve?

A. My first job with the company was a rate engineer, having to do with rates for service, and following that—if you would like to have me continue—

Q. Will you do that, please.

A. I served as assistant to the president and then became division manager, which is the commercial sales field, and I served in that capacity for 12 years ending in 1939. Then I moved to Birmingham, Alabama, as president of the Birmingham Electric Company, returning in 1945 to become president of Pennsylvania Power and Light Company, and I continued in that capacity until 1958, becoming then chairman of the Board, chief executive officer.

Q. What profession or business connections have you outside the company?



A. Well, I am serving as director of several organizations. Air Products, Inc., of Allentown, Pennsylvania, which is a large manufacturer in the cryogenics field, the use and control of various types of gases; director of the Lehigh Valley [fol. 4303] Railroad, director of the Lehigh Valley Trust Company, and have served during the past years as president of the Edison Electric Institute, which is the organization of electric public utilities of the United States.

I served as director of the Federal Reserve Bank in Philadelphia.

Q. Over what period of time?

A. Over the period from December, 1951, to December 31, 1958.

I have served as a member of the Executive Committee and director of the Edison Illuminating Companies, which is also a national organization in the utility field, of utility executives.

I have served not only as president but also director for several terms and a member of the Executive Committee of the National Association of Electric Companies, which is an organization that has to do with public relations in the field of legislation. Its headquarters are in Washington.

Q. In connection with your service in those companies either as director or otherwise have you had any committee assignments dealing with financial matters?

A. For several years I was chairman of the committee of [fol. 4304] Edison Electric Institute studying financing of utility companies, the gathering of statistics with respect to investment securities, the credit, and in that field particularly referring to the public utilities.

Q. Will you tell us something about the Pennsylvania Power and Light Company? When was that organized?

A. The Pennsylvania Power and Light Company was organized in 1920.

Q. And it serves what area?

A. It serves a 29-county area in central eastern Pennsylvania, having a population of 2,172,000 and covering approximately 10,000 square miles.

Q. Its headquarters is where?

A. Its headquarters is in Allentown, Pennsylvania, and it has six major commercial divisions covering the area with 24 district offices and nine sub-district offices.

Q. What is its general financial picture? What size company is it now and what are its current needs?

A. The company's balance sheet as of December, 1960, shows assets of 574.7 millions, and sales for the year 1960 were 142.3 millions.

Q. Can you tell us anything about the growth which that represents over, say, the last ten years?

A. In 1950 the company's assets totaled 324.4 millions, [fol. 4305] and sales for that year were 78.2 millions. Thus you see that the assets have grown better than 50 per cent and the sales have doubled in a ten-year period.

Q. And has that been a consistent growth over the ten-year period or has it fluctuated?

A. No, that has been a rather consistent growth. It is about a 5.6, as I remember the figure, compound growth in sales, a rate compounded of 5.6.

Q. Over this past ten years?

A. Correct.

Q. Tell us about the financial needs of the company in its ordinary operations and what they have been over the last ten years, in round figures.

A. Well, suppose we go back a little further, would you mind?

Q. No, go back any period you wish.

A. Since the war, 1946 to 1960, the cash requirements for construction over this period were 430.5 million dollars, and for the past five years the company has cash construction outlays of 148.8 millions. Our five-year budget for the next five years 1961 through 1964 inclusive are estimated to amount to 140 millions, which is a measure of the cash needs, of course, for that period.

Q. Tell us whether they are relatively evenly divided per [fol. 4306] year or do they come in larger and smaller amounts, or how generally does that picture progress?

A. For the past five years, that is, from the period of 1956 to 1960, the variation in the actual cash expenditures were from 21.6 millions to 37 millions. However, we expect considerable change in the ensuing five years. We expect the cash requirements to run from 19 million to 49 million in this period of time per year, that is, 19 million one year to 49 million in the highest year.

Q. In general, what is that money needed for?

A. This money is entirely for physical construction. That

means generation stations and for large substations, for transmission of electric energy at high voltages of 220,000 down to 110-66, and for distribution system, which is always in a state of flux. We are always adding to and subtracting from our distribution system throughout the 10,000-mile area.

Q. But so far as this type of construction you speak of, that is, additions to plants—

A. That is additions to plant, that is right.

Q. Have the costs of those additions that you make remained constant or have they increased or varied, and if so, how?

A. This will need a little explanation. The costs of a generating plant have been increasing, but not at the same rate that the average price structure has increased. For example, we are building today a plant which costs about \$150 per kilowatt. This is a generating plant of a large size, a 330,000-kilowatt plant. A plant of that size 30 years ago would have cost about \$100 to \$110 per kilowatt.

Now, the question may arise—perhaps it may be extraneous a bit here, but I think it is good information—that plant, however, from the point of view of its cost per kilowatt hour delivered is slightly less today than it was 30 years ago, the reason being that the efficiency of the plant in the use of coal is so much greater today than it was 30 years ago, very much greater, almost a hundred per cent increase in efficiency in the use of coal and in the use of labor. In man-hours—not in rates, but in manhours—the number of men required to run that plant today, a 330,000-kilowatt plant, is about 75. 30 years ago it would require about 350 men.

So you see it is a matter of simple economics. While the plant costs more in dollars, the efficiency of the plant is so much greater, that it really costs less per kilowatt hour delivered today, including fixed charges, than it did 30 years [fol. 4308] ago.

Q. I was thinking more of the over-all cost in dollars rather than its relative cost per kilowatt hour. I know that is more important to you.

A. That is more important to us. It is more important to our customers, too, by the way.

Q. But the number of dollars that you require to purchase

one of those plants, compared to what it used to be, was what I was speaking of.

A: The amount of dollars that would be required today in any one construction period, particularly a construction period when we are building a plant, is very much larger than it was even ten years ago. The reason for that is that in a period of ten years the increase in the size capacity per unit constructed in our area has gone from 75,000, 100,000, 125,000, 137,000, to 330,000 kilowatts. These are one unit each. Therefore, the amount of money that is involved in one unit, to build one unit today, our plant that we just finished cost \$46 million in one area of 200 acres, as compared with a plant of 100,000 that cost about \$14 million or \$15 million, so the cash requirements in any one year are very much larger today than they were even ten years ago—very much larger.

[fol. 4309] Q. What do you anticipate the cash requirements to be for the type of equipment, for the type of installations, you have projected for the next five years?

A. Our studies show, and the manufacturers have confirmed this, that the size of generating plants in the next ten years, beginning say five years from now, will be at least—first, it will be at least 450,000. In fact, those have been already ordered by some utilities today, and we will be building ourselves a 600,000 (and perhaps an 800,000-kilowatt plant in one unit by, I would say, 1967.

Q. What would a plant like that cost?

A. That plant would cost, I would say, approximately \$150 a kilowatt. That would mean in dollars, a 600-kilowatt plant, including its transmission, would cost about \$100 million. \$150 per kilowatt is for the plant itself. It is \$100 million in one unit, plus its transmission required.

Q: How have you been financing the company, particularly with reference to the construction of these plants that you have described?

A. Well, our financing requirements over the years have been satisfied by three types of cash: first by the sale of securities, which may be either bonds or stocks; by retained earnings in the operation of the business, namely, the cash generated from depreciation reserves and the cash gen-  
[fol. 4310] erated by earnings retained after payment of

dividends; and, finally, by bank borrowings, which we find has been necessary from time to time.

Q. What banks loans do you have now outstanding in the aggregate?

A. Bank loans today, I'd say \$35 million.

Q. How was that built up? Was that borrowed all at one time or over a period of time?

A. No, that loan has been built up over a period of time, that particular loan.

Q. Can you tell me how that was done?

A. Yes. The \$35-million loan has been built up by borrowings from banks, starting with \$5 million in 19—this \$35 million—just to put a date on this, say December 31, 1960, for example.

Starting on April 25, 1960, we had a \$5 million loan with the Chase Bank, and this was increased by another \$5-million loan on June 27, 1960.

Q. At what bank?

A. At the Chase Bank.

On September 26, 1960, we borrowed \$15 million, which was a bank-participation loan, of which Chase Bank participated to the extent of \$5 million, the Mellon National Bank & Trust Company, \$5 million, Irving Trust Company, [fol. 4311], \$2½ million, and the Girard Trust Corn Exchange Bank, \$2½ million.

Q. So that brought the Chase's participation up to \$15 million?

A. Right. That's correct.

Now, on March 27, 1961, we borrowed another \$10 million at the Chase Bank, and on June 20, 1960—no, that was paid off—that's right, June 20, 1960, we borrowed \$5 million from the Pennsylvania Company and that was renewed on March 27, 1961. Now, wait a minute. That won't be necessary because I have got a date of 1960, so you can strike that last out.

So that makes a total of \$35 million outstanding as of December, 1960.

Q. Divided among the banks that you have just named?

A. Divided among the banks I have just enumerated.

Q. Now, what banks handle your banking needs?

A. The banks that handle our banking needs are these



banks, and I will go back to 1920, when this company was organized.

The Chase-Manhattan Bank, we established relationships with this bank in September of 1920.

The Irving Trust Company in June, 1920.

The First National City Bank of New York in January of 1948.

And the Philadelphia and Pittsburgh banks, the Girard [fol. 4312] Trust Corn Exchange Bank in June, 1920, the First Pennsylvania Banking & Trust Company in December of 1923, the Provident Tradesmens Bank & Trust Company in June of 1920, and the Mellon National Bank & Trust Company in April of 1947.

Q. In general, have those banks been the ones that you have looked to for your banking requirements?

A. Yes, generally those are our large bank deposits. We have bank deposits with some 150 local-area banks, which really are cash-flow banks, where we deposit money.

When it reaches a certain amount, then automatically they transfer the amount to one of the larger city banks.

Q. And that larger city bank provides your immediate cash requirements, current?

A. Yes. They handle our cash flow from day to day and month to month.

Q. What have your operating revenues been in round figures for the last five years on an annual basis?

A. The last five years, beginning in 1956 our operating revenues in 1956 were \$128.6 million; 1957, \$129.4 million—this is rounded out to the nearest hundred thousand.

Q. Just give us millions. That will be all right.

A. \$131 millions in 1958; \$138.4 millions in 1959, and in [fol. 4313] 1960, \$142.5 million.

Q. Now going back and covering that same period, 1956 to 1960, what borrowings were made in addition to those which produced the \$35 million presently outstanding loans; and will you give me also the banks from which the amounts were separately borrowed?

A. From 1956, your question is that you would like to know the bank loans that we have made from 1956 through 1960?

Q. Yes.

A. Here is a list of bank loans which we have made.

The Chase-Manhattan Bank on September 25, 1956, through December 22, 1956, \$5 million;

January 28, 1957, to April 27, 1957, \$10 million;

April, 1957, to October 24, 1957, \$10 million;

October 24, 1957, to July 24, 1958, \$10 million;

July 24, 1958, to April 24, 1958, \$10 million—

Q. 1958 or 1959?

A. Sorry, 1959.

Q. Yes?

A. September 25, 1959, to June 27, 1960, \$5 million;

April 25, 1960, to January 25, 1961, \$5 million;

June 27, 1960, to March 27, 1961, \$5 million;

[fol. 4314] September 26, 1960, to June 26, 1960—this is a total of \$15 million, but there was a participation loan.

Q. That was the one you described a while ago?

A. That was the one I described a bit ago.

Q. Yes.

A. Now, the Mellon National Bank—

Q. Now, all of those were from the Chase National Bank?

A. That's correct.

Q. In New York?

A. Yes, sir.

Now, the Mellon National Bank & Trust Company, Pittsburgh, March 24, 1960, to December 24, 1960, \$5 million;

December 27, 1960, to September 27, 1961, \$5 million.

From the First Pennsylvania Banking & Trust Company, June 27, 1960, to March 27, 1961, \$5 million;

From March 27, 1961, to December 27, 1961, \$5 million.

Q. That second one was just a renewal of the first loan, I presume?

A. That's true; and some of these, you will note, were renewals of loans that I read up for the Chase-Manhattan Bank, also. Some of them were renewals.

Q. Yes.

[fol. 4315] Has the company any lines of credit as such or does it meet its needs without them?

A. We made no arrangements for lines of credit as such with any of the banks with which we do business. Our cash requirements have always been budgeted with some degree of accuracy over a five-year period.

Under such conditions we, of course, have ample time

to make borrowing arrangements available at the banks at which we do business.

[fol. 4316] Q. Now, I notice that in these loans that you have spoken about, the great majority of them were made with New York banks.

Is there any reason for that?

A. Yes, there is.

Initially we had what you call banking deposits and banking relationships beginning with 1920 with New York banks and also with Philadelphia banks. In the earlier days, the lending capacity of the banks in the Philadelphia area was not sufficient to provide for the borrowing needs of the company in the early days, and hence we established these relationships with these New York banks.

Now, they have been maintained since, and after 1946, after the war, we, as a company, had refinanced our entire capitalization, and as a result we established banking relationships on a somewhat larger basis with Philadelphia-area banks. In fact, I being chief executive officer of the company at the time announced the policy that since we were a Pennsylvania institution, where we do all our business so far as our sales are concerned, with Pennsylvania people, and all of our assets are attached in one way or another to the ground in Pennsylvania, we felt we were a Pennsylvania [fol. 4317] institution; and under such circumstances we ought to deal, in so far as we could, with Pennsylvania institutions.

Therefore, we announced a policy that we would like to extend our banking relationships with Philadelphia and Pennsylvania banks, which we have been doing since then.

Q. Were the Philadelphia banks able to meet all your needs or requirements?

A. No, they were not. We have, over the years and going all the way back to 1920, been growing since 1920 at a weighted average rate or a compounded rate of 5.6 per cent annually, and this growth not only applies to our gross revenues, but—perhaps not quite that percentage, but a real compounding in our assets and in our fixed assets, also.

So that our banking needs, our borrowing needs as we moved along from year to year, from one decade to another, were growing at a considerably larger and faster rate than the Philadelphia banks, and, therefore, it is impossible for

us to satisfy all of our banking requirements, even if we wanted to, from the Philadelphia banks.

We must, of necessity, continue to deal with New York banks.

[fol. 4318] Q. Now comparing 1920 with 1960, beginning with the end, can you tell me what the relative capacity of the Philadelphia banks is now as compared with what it was then in relation to your own needs? Is it better, worse, or the same?

A. Well, it's certainly no better. I think it's even a little worse.

I'd have to do some mathematics on that subject, but in my judgment it is certainly no better and it's probably worse than it was in 1920.

Q. Now what, aside from mere capacity and size, do the New York banks offer that the Pennsylvania banks do not, that are of particular interest to your company?

A. The New York banks, particularly the banks with which we do business, are, because of their size—the fact that their lending and the business they do with public-utility companies is quite large nation-wide, and for that reason they can establish departments in their banks which will offer specialized services for public-utility companies, and these services are quite valuable.

They have current studies being made on bank credits available, the general economics of the country and particularly of the public-utility business, money markets, the [fol. 4319] trends, the rates, the money rates and trends.

All of this information is a real service to financial executives, chief executives of utility companies, particularly when you realize that our funded debt is over long periods of time (30 years, 40 years) and if we can save an eighth of a per cent in the funding of a loan, for example, over a 30- or 40-year period, we have a very large amount of money accumulate.

Q. That is money in the bank loan, you mean?

A. That's money on the debt loan.

Now they give us this—this is a fine source of information because they not only keep track of the current money markets of the type of the bank loans, but they also keep track of the current long-term borrowing market, the money available and the rates; and that is another source of infor-

mation we have—if we are to succeed—I will give them credit for giving us some real excellent information.

If we succeed, as I say, in saving an eighth of a point in interest, that fraction is a lot of money.

Likewise, they give us current money rates, banks, bank rates, the current level of borrowings, the money that is [fol. 4320] available, if money is tight or it isn't tight, that is currently available to us not only from the local area but the entire national area.

These specialized departments in these larger banks furnish this sort of information to us.

Q. Do each of the three New York banks that you mentioned furnish that service or does one furnish one and another a different one?

A. Oh, their type of information varies, but all of them have, on the fundamentals, that information.

Some of them go further, even. For example, the Irving Trust Company, if I can name a bank, has a series of seminars which they run every month or two, currently, year after year, for the benefit of financial officers of public-utility companies, large and small, and to which they invite such people as members of Public Utility Commissions, who are, of course, interested in public-utility financing, and investment-banking people who are interested in public-utility financing; and this is also a very valuable service that they render to us.

Q. Can you get service like that in Philadelphia now?

A. Not to the extent you can in New York.

Q. Now, is there any other—

[fol. 4321] A. As I say, the Philadelphia banks are very good on the particular money market, but not to the extent in the specialized public-utility field.

Q. Do you remember offhand how large these three banks are that you deal with in New York?

A. (No response.)

Q. Roughly. If you don't, don't bother.

A. Yes, The Chase Bank is—let me see. Maybe you can answer that better than I can.

Q. That's all right.

A. I think it's about \$5 billion, its capitalization.

Q. If you don't know, I won't press it.

A. Irving Trust, if I can remember correctly, is some-



where around \$1.2 billion, \$1.5 billion—\$1.5 billion. I think is a little better.

Q. Have you ever had any difficulty in getting a single loan in any amount that you needed from those New York banks?

A. No, sir.

Q. And those that you have described as \$10 million were all in excess of anything any Philadelphia bank could have given you?

A. Yes, sir.

Q. Is it important for you to have a source of money supply like that in large amounts, on short notice; and, if so, why?

[fol. 4322] A. Very important.

The importance of this perhaps can be stated in say three different categories.

From the point of view of the current borrowings from time to time, as we move along in a construction program, particularly when we have large generating plants, we must have cash on hand over and above our cash-generation requirements that will pay for this construction. Now, if the money markets are such that we can not or should not or in our judgment do not want to finance by the sale of securities, then we go to the bank.

Now, these banking relationships, therefore, become very valuable to us. We may, as we have in the past, borrow money from \$5 million to \$35 million—\$45 million at one time, or build up to that amount; and this is a relationship that is very flexible.

We can borrow for short periods of time, four or five years in some cases, or as we did in one case here refund a \$27-million debenture, when we borrowed on a ten-year basis.

These loans can be paid off almost overnight, renewed for the same amount or different amounts, or increased almost at will. Therefore, it is extremely flexible, and since the interest rate—we borrow at the prime rate and we are [fol. 4323] always assured of an interest rate which is the then going market rate and all in all this is a very valuable and very excellent service to have.

Q. What deposits do you maintain in these banks with which you have relations?

I am not thinking so much of the individual amount at any time, but just in general what is the deposit picture?

A. Well, generally speaking, our deposits will vary from 15 to 30 or 35 per cent of bank loan when we have bank loans, but I would like to emphasize the fact that many, many years we have no bank loans, particularly when we find bank loans will build up and then we come to a period of time when interest rates are favorable. Then we will fund them, and from then on for as much as two or three years we may not borrow a single dollar from a bank.

We will, of course, maintain our deposit relationship there because it's the thing to do, a normal business relationship and they have the advantage of that deposit that we keep on deposit there to add to their lending capacity.

Now, in other times we will borrow money, but generally speaking at the time we have had our maximum loans it rarely gets below 20 per cent. Maybe there might be a short [fol. 4324] period of time when we would have to draw down in order to pay interest or pay taxes or a big dividend or something of that sort. We might draw it down to perhaps as low as 15 per cent, but that builds up very fast and it would go perhaps as high as 25 to 30 per cent.

Q. What other relations do you have with your banks, and I am thinking particularly of the corporate-trust services? Do they render such services to your company?

A. Yes. We have corporate-trust services, some of which have extended over long periods.

As transfer agents for preferred and common stocks we have the Lehigh Valley Trust Company at Allentown that acts for us particularly for local-area use and Irving Trust Company of New York.

As registrars for preferred and common stocks, the First National Bank of Allentown for the area use and the Morgan Guaranty Trust Company of New York for general use.

Dividend-paying agent for the preferred and common stocks is the Irving Trust Company; and the trustees and bond-interest-paying agents are the Morgan Guaranty Trust Company of New York, Chemical Bank New York Trust Company, and Irving Trust Company.

Q. So that you have no Philadelphia bank that renders [fol. 4325] corporate-trust services?

A. No, sir. The Chemical Bank was a recent addition that

arose out of our merger with the Pennsylvania Water & Power Company.

Q. What can you tell us about solicitation for business from banking institutions?

A. Well, banking institutions are like all other businesses, they are all hungry for business, and we have had solicitors from all the large banks in New York; just to name a few, the First National City Bank, the Chemical Bank & Trust Company, Morgan Guaranty Trust, the Manufacturers Trust, the Bankers Trust, and, of course, this is a matter of custom of follow-up of all the banks you do business with—they call at least once a year and most of them more than that.

Not to leave out the Philadelphia banks, but regularly we got called on by the Philadelphia banks, also all the larger banks.

Q. What can you tell us now about your needs for additional banking services in Philadelphia?

A. Well, looking over the longer term, I think probably is the way we must look at it since we are in a business which is growing rapidly and we budget ten years ahead at all times, so we can see our cash needs with really a great degree of accuracy for five years and with considerable accuracy for ten years ahead.

Over that time we see an increase in our construction of certainly 50 per cent in the next ten years, and beyond that—a 75-per-cent increase in construction in the next ten years, and beyond that another 75 per cent.

Now, when you think of that on top of the fact that we have needs in single-years of the order perhaps, when construction is in progress, which is two to three years, building up to \$100 million in one plant, we will see needs of at least \$50 million to \$75 million over and above our cash generation in the company.

Now, if we happen to be in the economies of the country at a time that are such that we are in a position that we have started a large plant of that nature, which requires \$90 million to \$100 million eventually to complete it, and we find ourselves in a position where we can't sell bonds because of interest rates and at the same time or during the transition in that period, when the country will have gone through or is about to go through a depression (I mean a rather serious depression, not a recession)—we will then be in a position

where we must finance the completion of that plant. You can't stop building a generating plant once you start it. It's got to go through because the cost of stopping it and then continuing on is more than getting it financed and completed [fol. 4327] ing it.

So we may find ourselves in the position where we want to borrow as much as \$60 million to \$75 million from the banks. I would say eight to ten years from now. We must have relationships with banks that are capable of furnishing us that much money in an emergency, and obviously that means if the Philadelphia banks are to satisfy our wants of that kind they must be big enough to do it.

Q. Are they big enough to do it today, in your opinion?

A. No, sir, they are not.

Q. What would your preference be if you were entirely free to borrow money in New York or in Philadelphia? What would your preference be as to the source of the loans?

A. If I could be completely divorced from the past, we are a Pennsylvania Company. We do our business with Pennsylvania people, not only construction and operating, but also our banking and everything else. In other words, if Pennsylvania banks are large enough—I am including the Pittsburgh banks—to satisfy our borrowing, I would like to do business with the Pennsylvania banks. Under the present situation it would be impossible to do that.

Q. I presume you know that there is a proposed merger of the Girard Trust and the Philadelphia National Bank? [fol. 4328]

A. Yes, sir.

Q. Which would produce a bank with a lending limit of \$15 million as contrasted with the separate lending limits of 8 and 6 respectively of the Philadelphia National and Girard. What can you tell us about such a bank in supplying your needs or being helpful to you?

A. I would think, over the longer term, that if Philadelphia is to occupy its relationship with the banking community, namely, a large central bank, we should have in this area a bank or several banks that would be capable of loaning as much as 30 to 40 million dollars—several larger banks.

Q. Well, from the point of view of the businessman, and particularly your business, what can you tell us about the benefits or the detriments of a bank such as the proposed merged bank would be to the business community?



A. Well, we deal with a great many businesses, large and small. We sell power to some 3500 industrial customers alone, and if the economy of this country is going to continue to grow at, say, a compound rate of 4 per cent—that is the gross national product—and Pennsylvania is to continue to go along with the trend of the country, then the business institutions in this state also ought to grow at some figure that is plus or minus 4 per cent compounded annually. [fol. 4329] Now, if that is true, then they become larger and larger as years go by, and they will need greater and greater borrowing capacity themselves—I mean their ability to borrow themselves—and they have to depend upon banks to satisfy that borrowing requirement. Now, if they are to deal with Pennsylvania banks, the banks must grow in some relationship to that, and if they don't grow, then they are going to the larger city institutions. The largest city in this area is New York, and from my own point of view, I would rather see the Philadelphia and the Pittsburgh banks grow as fast as the New York City banks and faster, because I believe in decentralization. It is good for the country. It is the basis on which the Federal Reserve Banks originally were organized, and if we continue that policy, which I think is the best possible policy, then the only way it can be continued is to have the banks in these reserve cities grow with the community.

Q. Mr. Oakes, I am not asking you for a commitment now for the merged bank, but I would like you to say what you can about your expectation of being able to use better a bank of the size of the proposed merged bank than any bank presently in Philadelphia.

[fol. 4330] A. Well, as I have quoted some figures here from our estimates of the increase in our business over the longer term, I feel sure that our banking needs are going to finally grow to somewhere around an area, as a maximum, of 60 to 75 million dollars at the time that we are engaged in these large construction projects. Now, if that is true, then that is almost double our present borrowing, and from my own point of view, I am not going to be with the company forever, but I think the policy of our company is going to continue to be to favor Pennsylvania institutions, and while there will be some increases in the borrowing, of necessity, from the large banks in New York, we would tend to increase



the borrowings from the Philadelphia banks in greater proportion than we are now borrowing.

Q. Assuming that none of the other banks in Philadelphia increase their size and therefore couldn't lend you any more money than they can now, would your use of the larger bank, the merged bank, involve any reduction in your use of any of the other banks in Philadelphia or in Pittsburg?

A. No, sir, I don't think it would. I see no reason why it should.

Q. Any increased use of the merged bank in Philadelphia, then, would come from what sources? Where would the [fol. 4331] diversion be from?

A. Well, there wouldn't be any diversion. We will be increasing our borrowings as a whole, and the amount of that borrowing over perhaps the present 35 million, for example, in a division that we have today, we would divert more and more a greater percentage of that increase to Philadelphia banks, and since we are already doing business with the Girard Trust, which will be a part of the merged group, as I understand it, if it comes about, normally we would be increasing the percentage at this new merged bank.

Q. But the relative decrease would not come from any Pennsylvania bank, you say?

A. No, sir, it would not.

Q. From what banks, then? From New York banks?

A. There may be some decrease in New York banks. It would tend to be so in percentage but not in total.

Mr. Price: That is all I have, Mr. Reycraft.

By Mr. Linneton:

Q. Mr. Oakes, you spoke about having bank relationships with several banks. You select those banks yourself, I assume? I mean your company does? You select the banks? [fol. 4332] A. Yes, sir.

Q. And when you make a loan, whether you use the one-group loan or syndicate loan, one in which several banks participate, do you or your company determine the amount of participation in such loans that each of those banks gets?

A. We have the final say. We may have some suggestions from the leading bank, as I think we have had several times,

but we tell the banks, the lead bank, how much and from whom we would like to borrow.

Q. Which is the lead bank?

A. The lead bank so far has been the Chase Bank for the large loan, and the last \$12 million loan was the Girard Trust Corn Exchange Bank.

Q. What are the considerations that determine which is the lead bank?

A. Well, it is partly history, partly size of the bank, and whether it is for a local situation, particularly a local situation, or whether it is for banking purposes a general situation.

Q. What are the considerations which enter into your determination as to how much of this group loan each of the banks is to have?

A. Well, that would have some relation to the size of the deposit we have with them, the borrowing capacity of the [fol. 4333] bank itself, in other words, the size of the bank, the number of banks with which we would like to deal. We don't want to deal with too many banks because it becomes burdensome. We found the list of banks in this \$27 million loan was a little too many. We would much prefer, after we had some experience with it, to have fewer banks.

Q. When you say the size of the bank, do you mean by that that the amount of the participation in the loan which you assign to each bank varies directly proportionately to the size of the bank?

A. No, I wouldn't say directly proportionately, but, in general, a larger bank would receive a larger part of the commitment that we would be making of the total.

Q. In your determination?

A. Yes.

Q. Did I understand from the last thing that you said just before this that you would prefer to deal with one bank rather than with many?

A. No, I didn't say that. I am saying when the number of banks that we are dealing with gets too many, then it becomes burdensome and we would prefer to deal with a lesser group than with a very large group.

[fol. 4334] Q. Why?

A. You lawyers can answer that. You have to prepare

so many papers, so many accounting papers, and the volume of papers gets pretty large, and our accounting people say, well, can't you do better than this, having so many banks in on this deal? The next loan you take, give it to this bank this time and let the other four banks take the next one, or something like that.

Q. I take it that the fewer there are the more it pleases you; is that correct?

A. No, when you get down to one or two I wouldn't say so, no, sir. We would rather have a good representation from the banks with which we normally deal. When you get down to the very small banks for large loans, we would draw the line. We wouldn't want to deal with too many banks.

Q. If you borrowed more in Philadelphia, would that mean that you would keep greater deposits in Philadelphia?

A. As our business grows—I think that would be a normal result anyway—and as our business grows, our deposits in Philadelphia banks grow, they would be entitled thereby, naturally, to a greater proportion of the total borrowings we may do at any one time.

[fol. 4335] Q. And being entitled to it, you would give them the larger deposits?

A. Yes.

Mr. Littleton: Thank you very much, Mr. Oakes.  
That is all I have, Mr. Price.

By Mr. Price:

Q. Mr. Littleton referred to the two larger loans. As to one you said the Chase was the lead bank and as to the other you said it was the Girard. Was there any special reason why the Girard should be the lead bank in connection with that loan?

A. Yes, there was a special reason. This refers to the \$12 million loan that we discussed earlier. That loan arose out of the necessity of financing through bank loans some \$12 million, which arose out of the merger of the Pennsylvania Water and Power Company with the Pennsylvania Power and Light Company. The Girard Trust Corn Exchange Bank was the principal banker for Pennsylvania Water and Power Company, and because of that relation-

ship and the fact that we also have had relationships with that bank prior to this merger, we felt they were entitled to the lead position and therefore we gave it to them.

[fol. 4336] Q. But in the case of the other loan you described, the \$27 million loan, the Chase was the lead bank?

A. Yes, sir.

Q. Can you say who probably would have been the lead bank had the Girard not had this connection with the company which you had acquired?

A. Well, if we had—

Q. In other words, if you had no more connection with the Girard then than you had had a year before, with the normal deposits you kept with it, would you have made it the lead bank or would you have gone to the Chase?

A. I don't quite understand your question. They weren't involved in the merger?

Q. If they were not involved in this purchase or this merger of the company that you acquired.

A. If they hadn't been involved, we would probably have had the Chase Bank, because we had done this formerly. They would have been the lead bank.

Mr. Price: Thank you.

Do you want to take a short recess now, Mr. Reycraft?

[fols. 4337-4338] The Court: Recess will run till 10:00 o'clock tomorrow morning.

(Adjourned at 4:00 o'clock P.M. until Tuesday, August 1, 1961, at 10:00 o'clock A.M.)

[fol. 4339-4340] [File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF PENNSYLVANIA

Civil Action No. 29287

[Title omitted]

TWENTY-SEVENTH DAY

Philadelphia, Pa., August 1, 1961

Before HON. THOMAS J. CLARY, J.

[fol. 4341] Mr. Price: If Your Honor please, I have a short witness whom I would like to call now. Mr. Reycraft has no objection if Your Honor hasn't.

The Court: I haven't.

Mr. Price: I will put him on and let him get away.

The Court: Very well.

ANTHONY FERRARO, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Price:

Q. Mr. Ferraro, what is your business?

A. Automobiles, sales and service.

Q. Where is your place of business?

A. In Upper Darby.

Q. How long have you been in that business?

A. Since June, 1938.

Q. Mr. Ferraro, what kind of automobiles do you sell? Is it service and sales or just sales?

A. Service and sales.



Q. You have been in Upper Darby since 1938. At the same address?

A. No. We started in Milbourne, Upper Darby, but now [fol. 4342] we are on Garrett Road and Sansom Street in Upper Darby.

Q. What was your first banking connection when you moved out there?

A. Our first banking connection was in June, 1938, with the Upper Darby National Bank.

Q. What was that connection? Did you have a deposit there?

A. Yes, we had a deposit there. Our initial deposit was with the Upper Darby National Bank.

Q. Did you make any loans with that bank?

A. I tried to, Mr. Price, but we weren't successful. We tried to get a loan for \$5000 and it was denied.

Q. Did you have a deposit in that bank of any size at that time?

A. Yes. I don't recall just exactly how much at this time, but we deposited, when we first started, \$4000 in that bank.

Q. And you were declined a loan of \$5000?

A. That's right. We didn't ask for the loan right away, sir. It was later on—I would say maybe 60 days—we tried to get a loan of \$5000.

Q. And what did you do after you got turned down there?

A. Well, when we got turned down there, I had remembered a Mr. Charles Gambel, who used to be a cashier with [fol. 4343] Corn Exchange National Bank in Philadelphia at the time I was working for Cadillac Motor Car Company. I was a bank messenger for Cadillac, and I had found out that Mr. Gambel was the assistant treasurer and vice-president of Clifton Heights National Bank, so I went out to see him, and I had asked for a loan of \$5000, and he interceded for me, but I got \$3500.

Q. What was your experience in trying to get loans during the early stages of your business?

A. Well, it seemed to me, Mr. Price, that it took such a long time. In other words, I had to go through the procedure, if I wanted to borrow a certain amount of money, that I had to wait for a committee, and they would meet at a certain date—I don't recall just when—but I would say it took about

two weeks to 20 days before I was able to get what I asked for, maybe not in its entirety, but part of it, say.

Q. What was the general size of the loans that you were asking for during this period?

A. Between \$5000 and \$10,000.

Q. And were you able to get all you needed?

A. No, I wasn't, sir. It was a little difficult at the time, but I had to give up certain titles to my used cars in order to get this—like a kind of floor planning proposition. In [fol. 4344] other words, I would borrow the money, and whenever I would sell these cars, then I would turn a check over to the bank and they would give me the title.

Q. Did that hamper you in your growth of your business?

A. Well, it took some time. In our business, Mr. Price, we have a used car problem, that our money is tied up a lot in used cars, so when we had to pay them off, sometimes it would be a drain on us, depending on the size of our used car inventory and sometimes our accounts receivable, and then I had to go back again. They were very nice to me, but it took quite a bit of time in processing. The service wasn't the type of service that I would say would be what we needed at the time.

Q. Did you ever lose any business because of your inability to get credit promptly?

A. Well, yes. I lost some business in this way. During the last war we were kind of restricted to car sales. We had none. Cars were frozen, and the only way I could try to get some was to go down and buy some automobiles. Well, I had tried to. I went to Fort Dix to try to buy some Government surplus equipment which I could sell, because there was a demand for it, like trailers for truckers and what not, but when I went for the money, first of all, I was told I only could get but so much money because they only were capitalized [fol. 4345] but so much and it would take some time.

Well, with the Government, when you bid on something, you have to put a deposit and pay them pretty fast, so I wasn't able to do too good there.

Q. If you had been able to get prompt loans and quick service, would it have had any effect on your business, the growth of your business?

A. I would say the growth would have been lots faster.

Q. Subsequently the Clifton Heights National Bank merged with the Fidelity, around 1954?

A. 1954, sir.

Q. Did that make it any easier for you to get credit?

A. Oh, yes. They were able at the local branch there to get me money lots faster. I would say within almost 24 hours; at the latest, 48 hours.

Q. Did you ever go back to Upper Darby National Bank?

A. I went back to the Upper Darby National Bank this last year, 1960.

Q. That was after its merger with the Girard?

A. That's right, sir.

Q. What was the purpose of your returning to the Upper Darby?

A. Well, we had a kind of misfortune in our place, an [fol. 4346] embezzlement, and I needed money pretty fast, and until I got straightened out with the bonding company; and the Girard Trust Corn Exchange got me the money that I needed within 48 hours, and that was a Godsend, because we were in kind of an embarrassing position at that time.

Q. How much did you get?

A. \$100,000.

Q. What was the nature of the collateral, of the security, that you had to give?

A. Unsecured. I had an unsecured loan.

Q. And the last time you were at the Upper Darby they wouldn't give you \$5000?

A. No.

Q. What has been your experience in financing your automobiles with large banks as compared to small banks?

A. Well, we finance mostly with General Motors, and in the big banks—

Q. That is GMAC?

A. GMAC, and some of the big banks, you will find, Mr. Price, that you will get lots faster service. My experience in the financing end of it, when we did try to get loans through for an individual, through a smaller bank, you had to go through quite a procedure. I mean it would take some [fol. 4347] time before it was okayed, say, or denied, and it can be dangerous in our type of business, because when a customer is hot with an automobile, that's when we should deliver him, and sometimes the time that elapses by the time

you get a loan through, you lose some sales. We have lost some sales. I can't tell you how many, but we have.

Q. Because of a delay in financing?

A. That's right, sir.

Q. With a larger bank do you have that difficulty?

A. With a larger bank you can get that, I would say, within about six or seven hours. That is if the customer's credit is all right.

Mr. Price: Cross-examine.

Cross-examination.

By Mr. Reyecraft:

Q. Mr. Ferraro, will the proposed merger of the Philadelphia National Bank and the Girard Trust Corn Exchange Bank have any effect on your ability to borrow in any way?

A. Well, I positively think so, yes.

Q. In what way?

A. I think that we are an aggressive company, sir, and there might be times when we might need quite a substantial amount of money.

Q. How much do you envision you might need?

[fol. 4348] A. That's a hard thing to say in our business here. I might have a fleet sale of automobiles that might require maybe two or three hundred thousand dollars, where I mightn't be able to be paid immediately, and we have to pay those cars off to General Motors, because we floorplan our cars, and that would be, I would say, a good way of getting that money in order to move these automobiles. I am talking about fleets, sir, now.

Q. And you think the proposed merger would assist you in that respect?

A. Yes, sir.

Q. Can you tell me how?

A. Can I tell you how?

Q. Yes.

A. I thought I just answered that, sir, but maybe I didn't make myself clear.

Q. I am referring now to the proposed merger of the Philadelphia National Bank and the Girard Trust Corn Exchange Bank. I am not referring to the merger of the Clifton Heights Bank or the Upper Darby National Bank.

A. Well, I believe, sir, that our local branch in Upper Darby, I can go to one of their offices there—

Q. You can do that now?

A. Yes, sir.

[fol. 4349] Q. And you get perfectly satisfactory service at the present time; is that right?

A. Yes, sir, they have given us wonderful service.

Q. Do you think the proposed merger of the Philadelphia National Bank and the Girard Trust Corn Exchange Bank will have any effect whatever on your ability to get service?

A. Well, I think I will be able to get better service, sir.

Q. In what respect?

A. I think your local manager—I don't know the banking business—I imagine he might be given some wider range as far as the borrowing capacity. I am not sure. I don't know.

Q. Do you think he has not sufficient authority at the present time?

A. Does he what, sir?

Q. Do you think he has not sufficient authority at the present time?

A. I think he does have to a certain extent, yes, sir.

Q. Does he have sufficient authority to take care of all of your requirements?

A. I don't think so.

Q. You don't think so?

A. I don't know. I haven't made any application for more [fol. 4350] than what I done.

Q. What is the highest loan that your company has ever applied for?

A. \$100,000.

Q. I believe you testified that that was taken care of adequately and promptly.

A. Yes, sir.

Q. And you think it should have been taken care of more adequately or more promptly than it was?

A. Than what they did?

Q. Yes.

A. No, I don't think so.

Q. So wouldn't it be fair to say that the proposed merger of the two banks would not affect your ability to obtain what you need in any way?

A. I don't know. I would think that I would feel better—



I think I would have a more—well, I don't know how to explain it, that I thought that—

Q. You feel more secure?

A. Well, secure, I don't know. I think it is secure the way it is now, but I think that with the merger, that they will be able to do more for me should the occasion arise.

Q. What do you think they could do for you that they [fol. 4351] can't do for you now?

A. Well, like what I explained to you, that if I did have—and I do get into this in the fleet business—that I can go to them and I believe that the local manager could give me maybe as high as \$200,000 if I so needed, and these cars do amount to—Cadillacs and Oldsmobiles amount to quite a bit of money.

Q. Do you have a pretty good idea of what your business is going to be doing in the next year or two in terms of the sales and in terms of the lines you are going into?

A. Well, that's a hard thing to say, sir. We don't know whether we will run into any obstacles as far as the contract with GM comes up with the union. Nothing has been settled yet, and it all depends on the volume of cars that we get. We can move the cars if we don't have any obstacles in any way, and we do quite a big job. We do in our total sales, sales and service, including used cars, anywhere from 3 to 5 million dollars.

Q. Do you envision, within the next year or two, any requirements on your part for a loan in excess of two or three hundred thousand dollars?

A. In excess of that?

Q. Yes.

A. Right offhand, sir, I don't think so. I don't know.

[fol. 4352] Q. Do you know what the lending limit of the Girard Trust Corn Exchange Bank is at the present time?

A. Do I know?

Q. Yes.

A. No, sir.

Mr. Reycraft: That is all I have.

Mr. Price: Thank you, Mr. Ferraro.

(Reading of the deposition of Charles E. Oakes was resumed, as follows:)

## Cross-examination.

By Mr. Reycraft:

Q. Mr. Oakes, I hand you Government's Exhibit 246. Do you recognize that document?

A. Yes, sir.

Q. Will you describe it, sir?

A. This is a document which states the lines of credit held by Pennsylvania Power and Light Company from 1956 to 1961, the amount of each line of credit in the bank with which each line of credit was carried. This is the title.

Q. Was it prepared by employees of your company?

A. Yes, sir, at my direction.

[fol. 4353]. Q. You are satisfied the information is accurate?

A. Yes, sir, in so far as it goes. You must take the explanation of what these figures are into account in determining what this line of credit is. This isn't really a line of credit, particularly Page No. 1.

Q. Let me direct your attention, sir, to the explanation which appears on the first page explaining lines of credit, and would you elaborate on your statement that this is not really a line of credit. I believe that is what you said.

A. That is correct. This exhibit was requested by the attorneys, I understand, and this was made, this reply was made, in response to that request. However, the company itself does not have lines of credit with the banks. This information was gratuitously furnished to us by them, and in the case of the First Pennsylvania Company the line of credit is the maximum they could extend under their 10-per cent rule. The Chase Bank, however, has told us that they would like to take the entire \$35 million loan, so this is not a line of credit; it is merely a statement, "We will furnish any amount you want up to \$20 million any old time." That is the way they stated it to us. We do not have lines of credit [fol. 4354] as such, a formal documented line of credit.

Q. In the case of the First Pennsylvania Company was this line of credit granted at your company's request?

A. No, sir.

Q. This was something they volunteered?

A. Yes, sir.

Q. Does this happen very often? Do banks volunteer lines of credit to you?

A. That is part of their selling. Any representative of the bank that comes in would like to establish a line of credit with us, because that is sort of like a leg up on your entry into your business as a banker.

Q. Now, when a bank gratuitously extends a line of credit to your company, does your company then in response make any particular amount of deposits with the bank to give you that line?

A. We do not. We have no line of credit. Let us make this clear. We don't have a line of credit. They say they will extend it, but we don't necessarily accept it at all. In fact, we have no lines of credit at all as such formally with any bank. Our deposits with banks are with banks of our own selection, and they have gone in amounts over the years from rather small deposits back in 1920 to substantial deposits today. These banking relationships, as I indicated in my [fol. 4355] testimony, are established on the basis of our receiving the best service that we think the bank with which we do business can give us. That is the basis on which we make our banking relationships.

Q. Is there such a thing as a formal line of credit?

A. Oh, yes, there is.

Q. You don't have any of those?

A. Many utility companies, a great many companies, have formal lines of credit with banks.

Q. Referring to the second page of Government's Exhibit 246, beginning with the second line, the \$10 million loan outstanding to the Chase Manhattan, am I correct in interpreting this information to show that from January 28, 1957, to at least April 24, 1959, this is the same loan with renewals?

A. Let's take a look.

(After looking) Yes.

Q. So that is one loan rather than four?

A. Well, that is renewals. It is four loans, because you sign a note, and you pay it off like you do any bank, a short-term note. It is paid off, and the bank has the option of renewing it or not, and we have the option of maintaining that loan at that bank or taking it some place else. It is four

separate loans, but the amount of money is the same amount [fol. 4356] of money.

Q. But you never paid it off? You signed a new note rather than paid it off?

A. That is right, we signed a new note. [fol. 4357] Q. And didn't pay it off?

A. Correct.

Q. Referring to the \$5 million loans which follow in the next three lines, I see that you have one loan from September 25, 1959, to June 27, 1960, and then skipping down the line, a loan from June 27, 1960, to March 27, 1961. That would be the same situation, wouldn't it, a renewal?

A. That was a renewal.

Q. Are any of these other renewals, as far as you can tell?

A. No.

Q. Let me direct your attention to the fact that the \$10 million loans terminate on April 24, 1959, and a \$5 million loan is indicated on April 25, 1960. Would that be an error, do you know?

A. No, that is not an error.

Q. You don't think that is a renewal of part of the \$10 million loan?

A. Yes, I think it was. We paid off \$5 million when it was due, and the next day we signed a new note for \$5 million.

Q. So you think the year might be wrong on one of those? [fol. 4358] A. Oh, no; oh, no. Now wait. Where are we?

Q. I am talking about April 24, 1959, and April 25, 1960.

A. April 24, 1959, we had a loan of \$10 million we paid off.

Q. \$5 million.

A. \$5 million, and the next day we paid off \$10 million, and the next day borrowed \$5 million.

Q. So the date should be April 25, 1959; is that right?

A. Wait a minute now. Let me see. I better take a better look at this. Sorry.

No, no; this is right. I was wrong in that. I thought we were referring to the same year. April 24, 1959, we paid off a \$10 million loan. We were out of the Chase Bank then until September 25, 1959, and borrowed then \$5 million, which we paid off on June 27, 1960, and then we also went back into the bank on April 26, 1960, which was two months before, and borrowed another \$5 million, two separate loans, and then

on June 27, 1960, that loan became due on June 27, 1960, and we renewed the loan, the \$5 million loan.

Q. Now, as to any of those \$5 million loans, they could have been made, if you wished, from either the Philadelphia National Bank or the Girard, could they not?

[fol. 4359] A. Yes, we could have borrowed that at that time, that much.

Q. And the loans indicated on the same page from the Mellon National Bank you could have borrowed from either the Philadelphia National or the Girard, couldn't you?

A. Let's see if we could. I don't know. I think we could not have borrowed the December 27, 1960, loan, which was placed with Mellon, from either the Girard or the Pennsylvania Company because it would be above their borrowing limits. 7½ million is the borrowing limit, as I understand it, of the First Pennsylvania Company. I have forgotten what it is for the Girard Trust. Certainly in that bank it would have gone over the borrowing limit.

Q. You are referring now to the \$15 million loan?

A. I am referring to the fact that the Girard Trust had a part, 2½ million of the \$15 million loan.

Q. Yes.

A. Then we came in, while that \$15 million loan was still in force, to the Mellon National Bank on December 27, 1960, before the \$15 million loan became due, and borrowed another \$5 million.

Your question, as I understand it, was, couldn't you borrow that from the Girard Trust?

Q. Yes.

A. That would have made a \$7,500,000 loan from the Girard Trust.

Q. It is 6 million.

A. We couldn't have borrowed it from the Girard Trust.

Q. You couldn't have borrowed more than 3½ million?

A. Correct.

Q. Now, from the Philadelphia National Bank could you have borrowed that amount at that time?

A. Philadelphia National?

Q. Yes.

A. Yes, we could, but we don't have a deposit in the Philadelphia National at the present time, and we usually try to deal with the banks that we have deposits with.



Q. Well, your company hasn't done much business with the Philadelphia National over the years, has it?

A. In 1950, at the time we borrowed \$27 million from a group of banks, which I cited earlier, which is on Page 2 of Exhibit 246, we asked certain Philadelphia banks if they would like to join us and become a member of this bank participating, and Philadelphia National said they would, and they loaned us \$850,000, a part of the \$27 million. Also the Fidelity-Philadelphia Trust Company, with whom we [fol. 4361] did not have a deposit at the time and still do not have one, they came in with \$850,000.

Q. And the Market Street National Bank also was included?

A. The Market Street National Bank, we have a deposit there. We had a pay-roll deposit there and they were included to the extent of \$200,000.

Q. So that the largest loan that your company has had with the Philadelphia National was \$850,000; is that correct?

A. Yes, sir.

Q. And you could have had, at least within recent years, up to \$8 million from the Philadelphia National?

A. If it had been our established banking relationship with them, yes; but we have never had banking relationships with them before and they specifically requested in this case that they become a part of this \$27-million loan.

Q. Well, the Philadelphia National is not unwilling to do business with you, are they?

A. No, sir. They are coming to us—

Q. Do they contact you once in a while?

A. Quite regularly, yes, sir.

Q. They contact you quite regularly?

A. Yes, sir. I doubt if there is any large bank in New York or Philadelphia that wouldn't like to have a deposit from us, wouldn't like to lend us money.

[fol. 4362] Q. How about the Provident Tradesmen? Have you had any borrowing relationship with them?

A. We have been depositors of that bank for some long time. The Market Street National Bank has been merged into Provident Tradesmen and by that reason, for that reason they became the participants in this \$12-million loan.

I don't know that we have had any borrowings—

Q. To the extent of \$50,000?

A. To the extent of \$50,000, yes. I don't believe we have—

Q. Since the merger you have had no borrowing relationships, though?

A. No, we have not.

Q. Now, you could—

A. There is always—I think it's entirely one of a payroll account.

Q. Now, are you contacted also by representatives of Provident Tradesmens?

A. Oh, yes.

Q. How about Fidelity-Philadelphia?

A. In fact—in fact, the Provident Tradesmens, one of their directors is also one of our directors.

Q. How about Fidelity-Philadelphia; do they contact you also?

A. Yes, from time to time.

[fol. 4363] Q. And Central-Penn?

A. I don't recall that I personally ever talked to Central-Penn.

Q. Now, as to those banks in Philadelphia who do contact you, there are four banks which, according to their lending limits, could lend you \$5 million; is that right?

A. Are you referring to the Fidelity-Philadelphia, Philadelphia National,——

Q. Provident Tradesmens, according to an exhibit which has been put in evidence by the defendants, has a lending limit of \$5 million, so Provident Tradesmens, Girard, First Pennsylvania, and Philadelphia National could all lend you at least \$5 million, could they not?

A. On the basis of that information, yes, sir. I have no direct knowledge of what you just said, but I assume you are right.

Q. And the four banks combined could lend a total of about \$26 million according to this exhibit; and if you added Fidelity-Philadelphia, you would get up to about \$30 million; so that of that total availability in Philadelphia your company has used only a relatively small part; is that correct?

A. Well, I wouldn't call it a relatively small part.

Let's go to the New York banks. If I would deal only with the New York banks, they would have the ability to loan——

[fol. 4364] Q. I am not suggesting that you do.

A. —\$1 billion; and we don't deal with the New York banks to that extent.

Q. But there is an availability in the five largest banks of about \$30 million to any one company, and I believe you can take that as accurate based on this D-15.

A. Yes, sir. I have no doubt of your correct figures.

Q. At any one time, can you tell me what total loans your company has had outstanding in Philadelphia?

A. As a maximum amount?

Q. A maximum amount, yes.

A. (No response.)

Q. Would it be less than \$10 million?

A. \$1,100,000—it's \$7,500,000 that has been the maximum.

Q. That is the highest amount?

A. Yes.

Q. So that at any one time in recent years there would be about \$22½ million available to your company from the five largest Philadelphia banks, if you wished to take advantage of it?

A. Yes. I assume you are right.

Q. Now, you testified, as I remember, concerning the construction program in which your company expects to engage [fol. 4365] in the next five years and you have estimated that you will require about \$140 million for that; is that right?

A. Right.

Q. According to your annual report, you expect to raise about \$56 million of that through the sale of securities; is that correct?

A. If the money rates are appropriate, we would expect to raise about that much.

Q. And out of that \$56 million you expect to retire your short-term bank loans which are now outstanding; is that right?

A. Correct.

Q. And the balance of the money you require for this five-year construction program you expect to obtain through internally-generated cash; is that right?

A. That's right.

Q. Retained earnings are going to finance the balance of your program?

A. No, retained earnings plus depreciation reserves.

Q. All right.

So that no part of this \$140 million do you expect to obtain from commercial banks; is that right?

A. No, sir; that is not correct.

Q. Would you explain that to me?

[fol. 4366] A. Depending upon—now you are talking about the ensuing five years?

Q. Yes.

A. Depending upon the money market. If the money market is such that we do not feel they are favorable and therefore would not want to sell securities, we will need about—

Have you got the figure there?

Q. Do you want to look at this?

A. Yes.

We will need about \$85 million in cash to be raised by either the sale of securities or by bank loans in order to finance this construction.

Q. And it is your present intention to sell securities; isn't that right?

A. It is our present intention to sell securities if the interest rates and the cost of money for preferred stock or common stock or both is appropriate, if we think it is favorable.

Now let me make another statement here, please. When we say \$84 million is required, this amount of money would not be required in any one time. The largest amount that would be required for a \$140-million program is the cumulation of borrowings, either through the sale of mortgage bonds or the sale of other securities, or through a bank loan [fol. 4367] that is building up as construction cash is being spent to a maximum amount which is related to the cost of the next large unit we will put in service, which will probably be in 1965.

That will certainly be not less than \$50 million and may be as high as \$70 million, depending upon the size of that plant.

Now, that is the required cash. Now, that cash will be raised during a period of time of three years, during the construction progress, of approximately, oh, I'd say \$30 million will come from retained earnings, perhaps, maybe a little more; and the remainder then must come either from the sale of bonds or other securities or bank loans.

So bank loans could be as high as—if we sell no bounds in between it can go as high as \$5 million to \$55 million.

Q. That is not what you expect to do?

A. Well, we don't know. How do I know? I don't know what's going to happen.

If the money markets run favorably we expect to borrow to \$45 million to \$50 million by 1965. It will be the maximum grow-up to that amount.

Now, I would hope that we could finance, by the sale of mortgage bonds, a considerable amount, \$38 million—\$40 [fol. 4368] million.

This business is such that we must be in a position of having good enough banking connections so that if we need \$50 million the \$50 million is going to be there, bad times or good times.

Q. Do you have with you a copy of your 1960 annual report?

A. Yes, sir.

Mr. Reycraft: May we mark that as an exhibit?

The Witness: You have it, I think.

Mr. Reycraft: The copy I have is marked up.

The Witness: I don't have an extra copy, but I can get you one if you wish.

Mark that one as an exhibit and I will replace it.

Mr. Reycraft: Will you mark as Government's Exhibit No. 247 the 1960 annual report of the Pennsylvania Power & Light Company?

(1960 Annual Report of the Pennsylvania Power & Light Company was marked G-247 for identification.)

By Mr. Reycraft:

Q. Mr. Oakes, will you be kind enough to read into the record the paragraph beginning, "The 1961-1965 construction program"?

A. The paragraph referred to reads as follows:

[fol. 4369] "The 1961-1965 construction program is estimated to require \$140 million. It is presently expected that some \$56 million of the needed funds will be raised through the sale of securities, including in such amount the \$35 million of short-term bank loans



now outstanding. The balance of the cash requirements will be internally generated during the period."

Do you want me to continue with the rest of the paragraph?

Q. Yes. Will you continue?

A. "To carry out this five-year financing program, the Company now sees no necessity for sale of equity securities. The Company does expect, however, to convert a substantial part of the \$35 million bank loans to long-term debt when securities market conditions are favorable."

Underline "when securities market conditions are favorable"—I am not underlining the paragraph, but I would like to have you underline it when you say it. That is the key to the whole paragraph in so far as financing is concerned.

Q. All right.

Mr. Oakes, if the Philadelphia National and the Girard [fol. 4370] merge are you going to continue your banking relationship with the Chase-Manhattan?

A. Yes, sir.

Q. And how about the First Pennsylvania?

A. Yes, sir. We will continue that, and also continue our relations with the merged bank, because they are absorbing Girard Trust Corn Exchange Bank.

I would hope, as I said in prior examination, that we would like to increase our deposits and when borrowing time comes we will probably increase our borrowing at the Pennsylvania banks because that is going to be our policy.

Q. Has this been your policy for a number of years, to do as much business as you could with local banks?

A. Well, this is a transition period. You can't break off a connection with a bank of forty years' standing and transfer it to somebody else—you can, but we don't feel that we should.

We would much rather build up our banking relationships by a slow process, and, as I announced, I think I said following the war I announced the policy that we were going to build up our relationships with Pennsylvania institutions, including Pennsylvania banks. We have been doing it. The very fact that you find these banks—these Philadelphia banks here that are listed in this \$27-million loan and this

[fol. 4371] \$12-million loan contains names which were never on our bank-borrowing lists before is proof of that policy.

Q. And you adopted this policy beginning after the war; is that correct?

A. Yes. That's right.

Q. But up to the present time the largest loan you have had with the Philadelphia National Bank was about \$850,000?

A. Yes, that is correct.

Now let me just give you a reason why these things can't be done.

Q. All right, sir.

A. Overnight or arbitrarily.

Prior to 1947 we had an insured type of a pension plan. In 1947 we changed over from an insured type of a pension plan to a trustee plan. We studied what trustee we should designate and that led us, after making an examination of the New York banks and Pennsylvania banks, to Mellon National Bank & Trust Company, who have done extensive work in the past in this field. Therefore, we established relationships with the Mellon Bank & Trust Company.

Now, at that time we were also in quite a construction program and we decided that we are going to give them a deposit of these construction funds, and naturally that led also to their lending us money; so by reason of that fact of [fol. 4372] establishing that relationship in Pennsylvania, with a Pennsylvania bank, we must take this increase in our relationships with the Philadelphia banks a little more slowly.

That has been the reason we just couldn't—if it hadn't been for the establishment of that pension plan with the Mellon National Bank as trustee you would have seen, I am sure, this \$5-million loan from the Mellon Bank with a Philadelphia bank.

Q. You are going to continue to do business with the Mellon Bank, too, aren't you?

A. Yes, sir.

Q. Is it true that the largest loan you have had to date with the Fidelity-Philadelphia is \$850,000?

A. Correct.

Q. And the largest loan you have had to date with the Girard Trust Corn Exchange Bank would be \$2,500,000?

A. Right.

Q. Now, do you expect to continue to avail yourself of the money-market services of Chase-Manhattan Bank after the merger of the Philadelphia National and Girard Trust, if ever?

A. Yes, sir.

Q. You wouldn't expect to substitute the merged bank for that service in the near future, would you?

[fol. 4373] A. That all depends upon whether they can do it. If they decided they were going to develop a service, after making a study of such a service that is offered, if we thought it was as good as or better than the Chase Bank, we would have no hesitancy at all.

Q. You are getting this service at the present time from three New York banks, I believe you indicated.

A. Two, particularly.

Q. Two?

A. Two; Irving Trust, and the Chase Bank.

The other banks have that service, but we don't use it. They have been around and asked us to come around and visit them.

Q. I believe you testified, sir, that your average deposits against loans run between 15 and 30 or 35 per cent?

A. During those periods of time when we have bank loans outstanding.

Q. Yes. This is not an average, this is a range; is that correct?

A. That's right.

Q. Do you know what your average deposit against loans is during the time you have loans outstanding?

A. No. That would be a weighted figure. It would have to be almost a daily computation, from a daily figure, weighted [fol. 4374] over a long period of time.

I don't have that. I couldn't even give you a pretty good guess, I think.

Q. All right.

I believe you also testified that your company would like to see several banks in Philadelphia with loan limits of \$30 million to \$40 million; is that right?

A. Yes, I would. I have enough faith in Philadelphia to think that the industries in Philadelphia are going to grow and if the banks are that size they will attract the business.

**Q.** Do you think that it would be beneficial if, in order to produce a bank with a loan limit of \$30 million to \$40 million, say the ten largest banks in Philadelphia merge to do it?

**A.** Well, that's a matter of development. The Philadelphia banks, in my opinion, enough of them that could offer their services and banking relationships to large industries in Pennsylvania, ought to be in a position to do so.

We should not be subservient to New York City. I think that's a very, very poor national policy.

**Q.** By "we," do you mean the whole United States?

**A.** I mean the Philadelphia area should not be subservient in its large banking relationships to New York City. I don't [fol. 4375] see why; there should be no reason why we as a company, should go to New York for all our very large banking requirements. It is, to me, very poor national policy to have any sort of a national policy directed in that direction.

It is against all our history—the principles on which the Federal Reserve banking system was started. I think it is still the best policy that decentralization should be encouraged as much as possible.

**Q.** Do you think it is sufficiently important to have a bank with a lending limit of around \$30 million in Philadelphia to merge the five largest banks in Philadelphia?

**A.** Well, now, that's a matter of degree. If two large banks in Philadelphia would give you \$30 million, it's a substantial amount.

Now, as I said, the economy of this area should grow at the rate of 4 per cent compounded, gross annual product. In time that \$30 million will go to \$50 million, and I feel that we should not put any hindrance on that kind of growth over a long term.

**Q.** If I were to tell you that in order to produce a bank in Philadelphia with a lending limit of about \$30 million, that is within the next year or two, it would be necessary to merge the five largest banks, would you consider that this would be in the national interest or in the public interest?

[fol. 4376] **Mr. Price:** I would object to that because it isn't so.

**The Court:** I will sustain the objection. Whatever the answer is may be stricken.

Mr. Reycraft: May we have the question and answer copied in as an offer of proof?

The Court: Incorporated, certainly, within the confines of the record. It may be included in this area.

(The following was directed by the Court to be copied into the record as an offer of proof:)

"The Witness: I think the key to that question is 'in the next year.' If you would use those words, then I would say that that is an improper approach.

"The size of the bank has some measure of the needs of the whole community, the prevention of moving banking relationships from this area to other finance centers because of the inability of the banking in this area to supply the banking needs, then we need larger banks, not with relation to time, but with relation to the needs."

By Mr. Reycraft:

Q. Well, would you say that you need, that Philadelphia or the area needs, a bank at the present time with a lending limit of this amount?

[fol. 4377] A. I'd say that a lending limit of \$20 million to \$30 million today would not be too large.

Q. And you think that there is a need?

A. As far as I am concerned, there is a need.

Q. As far as your company is concerned?

A. As far as my company is concerned, yes.

I have no means of knowing how many companies of the size which I represent are doing banking relationships with New York and Philadelphia banks. Therefore, I can't answer your question specifically, but in a general way, with the growth that we have experienced and the knowledge we have of large industry growth, I would say that that need will become apparent very soon. I don't say one or two years; I don't know, but the growth is indicating that need.

Q. Do you think that in order to satisfy that need, if it should be necessary for the five largest banks in Philadelphia to merge, that that would be in the public interest?

A. If there is a need demonstrated in the way I have said, whether you do it by merger, whether you do it by adding more capital—banks have been known to sell stock, you know, to increase their lending capacity—it should be done.



Q. Your answer to my question is "yes"?

A. Under those circumstances, yes.

[fol. 4378]. Q. Now, referring to your suggestion that the banks might sell stock to increase their lending limit, do you think that this would be in the public interest for banks in Philadelphia to do?

A. I am not much or enough of a banker to tell you whether they should do it by merger or by the sale of stock or some other way. I haven't made a study of banks.

Q. You are an expert, however.

A. I don't know which is the best device to use.

Q. You are, however, an expert on business needs for banking services, are you not?

A. I think I am an expert on my own company's needs for banking services.

When you talk about the whole banking area, of banking as such, I would say I am not an expert at all; I don't know.

Q. So that as far as your company is concerned, whether the increased lending limit is produced by merger or by sale of stock would be a matter of indifference?

A. To me, the lending limit and the banking services they render is what I am looking for.

Now, how they do it is up to the banking community, not to me.

Q. From the standpoint of your company, do you consider [fol. 4379] it of any importance to have competition among commercial banks in Philadelphia?

A. Do you mean among the Philadelphia banks?

Q. Yes, sir.

A. Well, I would say yes, there is need, but competition at the Philadelphia banks in their large lending areas, and I would say possibly in the deposit areas, is not with each other; it's with the New York City banks.

Q. You do think it is important for Philadelphia banks to have competition with each other or not?

A. I do; and I also think it's important for Philadelphia banks to have competition with New York.

Q. Why do you think it is important that Philadelphia banks have competition with each other?

A. That's the standard and time-honored way that American business should conduct its business and I am for it.

Q. Do you think it produces better services if there is competition?

A. Of course.

Q. Do you think it produces better quality of products, where they are involved?

A. That depends upon a lot of other things than competition. You have competition in size, you have competition in quality, and other things.

[fol. 4380] Q. Do you think that competition in commercial banking produces better interest rates?

A. That all depends on whom you are competing with. Now let me give you an example.

In the smaller cities we have numbers of banks. They loan to various businesses and others in those areas. Those banks don't loan normally to one in a hundred of their people who borrow from them at the prime rate. Now, they compete with each other, they sell against each other. They are selling a service, including lending service.

When you move up to an area where people are borrowing or firms are borrowing hundreds of thousands of dollars and millions of dollars, then the rate of interest becomes a real factor in where you borrow and there is just as much competition between large banks in their placing loans as these smaller banks in these small cities.

It is just that the difference is in the type of borrowing, in the type of lending that they do.

Q. And you are in favor of the preservation of that competition?

A. I am in favor of the preservation of competition, but I want to distinguish between competition at one level and competition at another level.

Q. Now, if your company had access to banks in a limited [fol. 4381] geographic area would you think it important to preserve competition in that area?

A. Will you restate your question again?

Q. Suppose that your company, for whatever reason, maybe because you are well known only in Philadelphia, could, as a practical matter, borrow only in Philadelphia, would you think it important to have competition among commercial banks for your requirements?

A. Now, in your question I assume that you are not talk-

ing of me as a representative of Pennsylvania Power & Light Company.

Q. Well, you are——

A. If you are, then I will have to qualify my answer completely.

Q. You are here as a man who has had considerable experience from the standpoint of borrowing from commercial banks. If you have an opinion, I would be interested in hearing it.

A. Well, all right. If you are talking to me now and your question is directed to me as president of the Pennsylvania Power & Light Company or chairman of the Board now, I would say that I am interested in competition in the placing of my loans, where I might borrow money. If a bank (I don't care whether it is the Chase Bank, the First National Bank, or who it is) won't offer me the prime rate when another bank will, I will go to the bank that offers me the [fol. 4382] prime rate and I may carry my deposit with me if this happens time after time.

Q. Well, any president of a company with stockholders has an obligation to his stockholders to do that, hasn't he?

A. Of course, he has. Of course.

Q. And competition helps him get the best rate for his stockholders, doesn't it?

A. Yes, it does; but what I want to emphasize here is that we don't want to downgrade the banks in this area because they, of necessity, must deal with very large companies, and to force those large companies to go to New York because of legal restrictions their wants can't be satisfied, their borrowing wants can't be satisfied, then you are, in effect, downgrading the larger banks in the Philadelphia area to a position of being almost country banks.

That, I think, would be very, very bad policy.

Maybe I am giving you advice here rather than an answer.

Q. I agree with you. I agree with you, Mr. Oakes.

Let me point out that your company at the present time could borrow up to about \$30 million from the five largest banks in Philadelphia, and you have about \$7½ million outstanding.

A. Yes.

[fol. 4383] Q. Yet you have some loans outstanding in New York that you could bring down here?

A. Yes, we could; and, as I said, this is a matter of time taking care of those eventualities.

Q. I think in time you would increase your borrowing.

A. There isn't any doubt about it, in time our borrowings in this area and our deposits in these area banks will increase, but I can't, out of due regard to my own company's borrowing needs, cut off arbitrarily. I think it would be poor business to do so.

The banking establishment we have had over the years, particularly in a company of this size, must have in mind that at some time in the future we may have a very severe depression, and when that time comes, relationships with excellent banks are a very valuable asset, and I don't want to destroy that sort of possibility of using that asset by immature judgments at this time. That is the reason.

Q. You think the Philadelphia National Bank is a very good bank, don't you?

A. Yes, sir, it is.

Q. And the First Pennsylvania?

A. Yes, sir. We wouldn't be depositing there if we didn't think so.

[fol. 4384] Q. And the Girard Trust Corn Exchange Bank?

A. Yes, a very good bank.

Q. How about the Provident Tradesmens?

A. As far as I know, it is a good bank. We have deposits there, too.

Q. And the Fidelity-Philadelphia?

A. Yes, it has a good reputation.

Q. The Central-Penn is a very good bank, too, isn't it?

A. I don't know so much about that bank, but as far as I know, I know the president of that bank. He is a very capable gentleman.

Q. In keeping with your policy which you announced to do business with Pennsylvania people, you are going to increase your banking relationships with these banks in any event, aren't you?

A. Some of these banks, not all of them.

Q. You are going to increase your banking relationships in the Philadelphia area, in any event?

A. Yes, sir, in time to come, we will.

Q. Whether or not Philadelphia National and Girard merge?

A. That may be true, but I am saying to you that if you don't let them merge—the Court—then the amount of money that we are borrowing from these banks is not going to be as [fol. 4385] large, and therefore this area loses that banking relationship. We would be forced to go into New York.

Q. You haven't borrowed as much as the Philadelphia bank can lend you right now, have you?

A. No, that is right.

Q. And you are going to go to New York anyway, aren't you?

A. We are in New York now.

Q. You are going to stay there, aren't you?

A. We are going to stay there, but under those circumstances we are not going to increase, as I said, the percentage of borrowing in New York to the same amount that we think we would increase the borrowing in this Philadelphia area.

Q. Well, after 40 years of doing business with the Chase-Manhattan you are not going to let a banking connection like that go by the boards, are you, very rapidly?

A. A banking connection of \$25 million possibility isn't something that I would say is small even now.

Q. Pardon me?

A. A banking connection with possibilities of borrowing up to \$25 million isn't small at any time. 25 years from [fol. 4386] now it still would be good.

Q. Do I understand you to mean that you intend to continue your relationship with the Chase-Manhattan?

A. Certainly.

[fol. 4387] Q. The loans that you have made which are indicated in Government's Exhibit 246 are construction loans; is that correct?

A. Not necessarily, not all of them, no. Some of these short-term loans were made for the purpose of augmenting cash, and then Interstate comes along or tax payment comes along and our cash balances happen to be a little low at that time and we put a loan in the bank for a short period and paid it off.

Q. You estimate in the next five years you are going to require \$140 million for construction purposes?



A. Yes.

Q. Where are those plants going to be built?

A. In Pennsylvania.

Q. In Philadelphia?

A. No, sir, they will not be built in Philadelphia.

Q. Either Bucks, Montgomery, or Delaware County?

A. Well, I will give you the sites, the possible sites, Northampton County, York County, near Sunbury, and a site about ten miles above Harrisburg or a site adjoining Birmingham, all of which we now own and which are capable of developing up to 10 million kilowatts power total.

Q. Your company doesn't do business in the Philadelphia area at all, does it?

[fol. 4388] A. Not as such.

Q. Not in the principal business you engage in, selling power?

A. Selling of our service, no, sir, not at all.

Q. How close in miles is the closest point to Philadelphia in which you sell power?

A. Our closest is Line Lexington, between here and Sellersville. I would say it is about 18 miles from Philadelphia, from the center of Philadelphia, on Route 309.

Mr. Reycraft: That is all I have.

Redirect examination.

By Mr. Price:

Q. When you spoke of certain banks named by Mr. Reycraft as being excellent banks, you were speaking of their relative standing in the community; were you not?

A. Reputation; certainly.

Q. But not as to the capacity of any one of these or even all of them together to meet your requirements?

A. That is correct, general reputation.

Q. So far as the prime rate is concerned, your company always gets the prime rate no matter where you borrow now; isn't that so?

A. Yes, sir, it is.

[fol. 4389] Q. So that there isn't any rate competition between banks either in New York or Philadelphia for your business?

A. No. Presently that is true.

Q. Now, as to the continuation with the Chase that you mentioned, could you get along without the Chase even if there were this merger?

A. Well, I wouldn't like to discontinue the Chase connection. As long as the Chase people give us the service they have given us in the past, in view of our long history with them, we think it is only fair that we should continue with them. Human nature being what human nature is, myself or my successor might decide some fine day that the Chase hasn't treated us very well for some reason or other and we quit, then we go find some other banking connection, but that would be the only reason that I could see.

Q. But you spoke, in connection with your reference to the Chase, of the fact that it could lend you \$25 million all in one piece?

A. Yes, sir.

Q. Is that a factor of your continuing relationship with the Chase?

A. I think so, yes. We want to preserve our position that [fol. 4390] if hard times come upon us or a period comes along again where the borrowing capacity of banks reaches a limit and funds are hard to come by, here is a bank, because of our association with them in the past, they are just like everybody else, human beings, and they take care of their clients and their friends first, and the new people that come along are next, and we like to maintain that relationship. It is valuable.

Q. When I asked you whether you could get along without them, I didn't mean purely on an arithmetic basis, but as a businessman in your particular business, Pennsylvania Power and Light Company, whether you would consider it good business to do so?

A. It would be good business to continue with them, yes, sir.

Q. You were asked, I think, whether it wouldn't have been possible for you to borrow up to \$30 million from four or five banks which were named by Mr. Reycraft, and I ask you whether in the ordinary course of business you would borrow that way?

A. We would not borrow that way.

Q. Whether you would borrow that way even if you could.

A. From those banks? From these five banks?

Q. From these five banks.

[fol. 4391] A. No, we would not, from these five banks, because we haven't had business relationships with them and we don't know why we should establish business relationships with them. We prefer, once we have made a decision, a bank that we would like to deal with, and they continue to give us good service, we continue to do business with them. We can't do business with every bank in Pennsylvania, large or small. It is just impossible. It wouldn't be businesslike. Eventually it would become costly.

Now, although some of those four or five banks mentioned might have loaned you as much as \$5 million, they all couldn't have, could they?

A. No, sir, they all could not.

Q. And none of them could have loaned you as much as ten?

A. Right.

Mr. Reycraft: Four of them could have loaned \$5 million. I think you ought to indicate that four of them could have loaned \$5 million.

Mr. Price: Yes, but they all couldn't have, and none of them could have loaned as much as 10.

The Witness: Any one.

By Mr. Price:

Q. No one of them?

[fol. 4392] A. That is correct.

Q. In that connection you were asked to look at Page 2 of this exhibit 246, and reference was made by Mr. Reycraft in the question to two loans of \$5 million each from the Chase, one maturing June 27, 1960—

A. Yes.

Q. —and the other beginning June 27, 1960?

A. Yes.

Q. I will ask you whether there wasn't an overlap so that at a period when that first loan was renewed by the loan beginning June 27, 1960, there wasn't then outstanding a loan of \$5 million at the Chase?

A. Yes, sir, there was.

Q. So that although some Philadelphia bank might have

made either one of those loans, they couldn't have made both?

A. Correct.

Q. This Exhibit G-246 was requested by the Government's counsel, was it not?

Mr. Reycraft: It was produced in response to a subpoena duces tecum.

Mr. Price: Yes, I think he said he did it in response to some lawyer's request, and I just want to identify the distinguished counsel who made the request.

Mr. Reycraft: I would be happy to have that identification. [fol. 4393] Mr. Price: That is all I have.

(A 10-minute recess was taken at 11:00 o'clock A.M.)

Mr. Price: We have been having a little difficulty scheduling witnesses, now that we are approaching the end. I have run out of live witnesses for the moment, but Mr. Reycraft has kindly suggested that he could introduce Mr. Brown's deposition at this time by reading it. That was the matter on which Your Honor reserved judgment as to whether it should be admitted or not, and I withdraw my objection. I think under the rules he is entitled—

The Court: He is not entitled to put it in unless he points out where it is an admission against interest. You have to have a purpose in using a deposition, and he handed up a deposition as such saying that there are certain admissions against interest, without pointing out anything to me. What am I supposed to do? Read it?

Mr. Price: No, sir.

The Court: And then make a decision as to what he meant? That is his problem, not mine, and as far as I am concerned, it stays out until he sets up wherein in that deposition there are admissions against interest.

[fol. 4394] It can be used for any purpose, but he has to point out the purpose for which it is used, and I don't intend to peruse a deposition all the way through and decide what he means. He has got to put it in this record to show me.

Mr. Price: Yes, sir.

Mr. Reycraft: Yes. I didn't make that clear, Your Honor. I do intend to offer the testimony as admissions by Mr. Brown.

The Court: You have to point it out to me. I don't intend

to try to figure out what is in your mind, Mr. Reycraft, and it has to be in this record.

Mr. Reycraft: Yes, sir.

The Court: Because I have only one record in any one case.

You may proceed.

Mr. Reycraft: May I have Mr. Degnan read Mr. Brown's part?

The Court: Surely.

Mr. Reycraft: I am starting at page 3, Your Honor.

The Court: All right.

(The deposition of George H. Brown, Jr., was read as follows:)

[fol. 4395] GEORGE H. BROWN, JR., having been duly sworn, was examined and testified as follows:

By Mr. Reycraft:

Q. Mr. Brown, you are president of the Girard Trust Corn Exchange Bank; is that correct?

A. I am.

Q. How long have you held that position?

A. Since November of 1959.

Q. And prior to that what was your position with the bank?

A. I was Executive Vice President.

Q. How long did you hold that position?

A. Since 1955.

Q. And how long have you been with the bank altogether?

A. Thirty-eight years.

Q. Are you fully familiar with the negotiations and discussions which resulted in an application to merge, for approval to merge, being filed with the Comptroller of the Currency?

A. Yes.

Q. Can you tell us, Mr. Brown, when these negotiations first began?

A. These negotiations first began around April of 1960.

Q. Were there earlier discussions on a merger between the Girard and The Philadelphia National?



[fol. 4396], A. I believe there were, but I did not participate in those.

Q. I understood, I believe, from the application, that there were some discussions perhaps as early as 1956; is that correct?

A. Yes. That is definitely my understanding.

Q. But you did not participate in any of these discussions?

A. I did not.

Q. Who initiated the discussions with which you are familiar?

A. Mr. Smith, the Chairman of our Board, and Mr. Potts, the President of The Philadelphia National Bank.

Q. Did you participate in the discussions at an early state?

A. Yes. I did.

Q. Can you tell me, from the point of view of your bank, what led up to the discussions; that is, who called whom? Who was the proposing party for the merger?

A. I think it probably was a simultaneous discussion between Mr. Smith and Mr. Potts, who had had these previous discussions back in 1956, but I don't actually know who was the one who started it.

Q. You have no direct knowledge.

When did you first participate in the discussions? In April, 1960?

[fol. 4397] A. In April, 1960, yes.

Q. Will you describe the meetings which took place beginning with your first knowledge of the merger discussions.

A. You mean the meetings that took place between Smith and myself or with The Philadelphia National Bank people?

Q. Meetings first between Smith and yourself; and then meetings between officials of the two banks with which you are familiar.

A. Well, Mr. Smith first discussed this matter with me in the early spring. We, of course, discussed it at great length and we talked about the purpose of the merger, we talked about the people involved, and decided that if we could resolve those questions satisfactorily on both sides, that we could then proceed to talking about the basis of exchange or price.

And from that point on, after we had convinced our-

selves that a merger of these two banks was something that would be good for the public and for our customers and for the bank, we proceeded to have discussions with Mr. Potts and Mr. McDowell, who is the executive vice president of The Philadelphia National Bank.

These meetings were held rather sporadically. We would have discussions of the possibility of how we would organize ourselves to carry forward the merger in the future, and [fol. 4398] see whether we had a common interest which could be blended together to make a strong organization for the future.

Q. What other officers of your bank participated in these early discussions?

A. I would say in the early discussions only Mr. Smith and myself.

Q. Would that be true up to the time a formal proposal was made to merge between the two banks?

A. No. When we got to the point where we were talking about price and organization, others were then brought in.

Q. Can you give me the names of the people who were brought in when you began talking about price?

A. From our side, Mr. Hoffa, our comptroller, was brought in to develop the figures, Mr. John P. Adams, Senior Vice President, was brought in to deal with organizational matters.

On their side, they were represented by Mr. MacLaren, their comptroller, and I think vice president also, and by Mr. Cooper, their Senior Vice President, MacLaren being the figure man and Cooper being the organization man.

Q. Were any memoranda prepared of these early meetings between yourself and Mr. Smith?

A. No. There were none.

Q. Were any memoranda prepared of the meetings with [fol. 4399] The Philadelphia National Bank?

A. No. I do not believe there were.

Q. Were any studies or summaries or any type of analyses prepared prior to the actual filing of the application with the Comptroller?

A. Well, of course, we had to develop a great many details to be able to respond to the application that the Comptroller had given us and as a result of receiving that application we, of course, had to identify all other banking institutions.

commercial banks and other kinds of banking institutions; we had to determine their locations, their number of branches; estimate their deposits, and do innumerable things which appear in that application which, in many cases, required a considerable amount of research and development of facts.

Q. Yes. Are all of these analyses represented in your application to the Comptroller? In other words, is it your testimony that there were no studies or analyses made, at least by your bank, which are not reflected in the application to the Comptroller?

A. Well, I would think that some of the analyses that we made of past and current earnings, book values, market prices, and items of that kind would not be reflected in this report, except to the extent required.

Q. So that you would have analyses of this type in your [fol. 4400] files somewhere?

A. Yes. We studied carefully the trend of deposits and earnings in each of the banks and, of course, we didn't reflect the whole analysis in this report because naturally it was not called for.

Q. Can you describe specifically any of these analyses, where they were written?

A. Most of the analyses that I saw were in the form of compilation of figures showing operations in all areas of the bank over a period of years. This related to book value, retained earnings, dividends, and so forth.

Q. Who prepared these? Were these prepared by Mr. Hoffa?

A. Mr. Hoffa prepared those, yes.

Q. According to the application, page 12, the statement is made that the senior managements of both banks established the main outlines of the proposed organization chart for the combined institution and also the proposed basis for the exchange of shares.

Now the senior management in your bank would be yourself and Mr. Smith?

A. That would be Mr. Smith and myself, yes.

Q. And the organization chart which you proposed would be in writing, I take it?

A. Yes, in rough—in rough form.  
[fol. 4401] At one of these meetings which I spoke of, we

did endeavor to set forth an organizational type chart in very rough form just how the new organization would function. This, of course, had to do with the upper echelon of our functions, perhaps not farther down than senior vice presidents.

Q. I see. I understand also that there was a committee of three directors from each bank formed to look into the merger?

A. Yes.

Q. Who would they be from your bank?

A. From our bank they were James E. Gowen, C. Jared Ingersoll, and R. Stewart Rauch.

Q. What did this committee do?

A. I would say that their most important function had to do with an agreement upon the organizational setup at the top level, and particularly with regard to the basis of exchange.

Q. Did they prepare any report or memorandum which is available?

A. None that I have ever seen.

Q. What type of information did your bank turn over to these Directors for their consideration?

A. We showed them our proposed organizational chart [fol. 4402] and we also supplied them with the type of figures that I have just described that Mr. Hoffa supplied to me relating to the past history of the bank, particularly as to its growth and its earnings and dividends.

Q. Whom did that committee report to, or did they report to anyone during the time they had the matter under consideration?

A. That committee reported on this side of the street to what was known as a Directors Advisory Committee. This Directors Advisory Committee was composed of the three men whose names I have mentioned, Mr. Walter Franklin, Mr. Morris Duane, Mr. David Williams, Mr. William Brown, and Geoffrey Smith, and myself.

Perhaps I should make clear that this Advisory Committee was not appointed to consider the merger, but rather in our bank is an Advisory Committee which deals with all matters on which the President would like to have assistance and guidance.

Q. Can you tell me when the decision was made to make the application? Was that in April, 1960?

A. No, it was not. The decision to actually draw this application that you have before you—

Q. Yes, sir, the application dated November 15, 1960.

A. I would say that that decision was not made until it [fol. 4403] became clear in the fall of 1960 that all of the elements involved in a merger could be satisfied; and it was at that time that we decided that we would submit the matter to our directors and that we would then file and endeavor to put together the kind of application that the situation demanded.

Q. Can you tell me who prepared the application?

A. It was a joint job between the Philadelphia National Bank officers and the Girard officers.

Q. Pardon me?

A. In connection with, for instance, the branches, we took the laboring oar in drawing the maps and outlining the branch situation. Of course, we did this with information supplied by The Philadelphia National Bank.

They, in turn, prepared part of the information relating to the banks of the area and their deposits and so forth.

Q. Was any one person from your bank in over-all charge of your part of the preparation?

A. Well, I think it could be said that John Adams had a bigger hand in it than anyone else.

Q. I assume that the special committee of the Board of Directors had no part in preparing the application itself?

A. No, they did not.

Q. Before the application was prepared and after the [fol. 4404] decision was made to make application, did representatives of your bank discuss the matter with the Comptroller's office?

A. The matter was not discussed with the Comptroller's office until the day we filed the application, November 15.

Q. So that prior to that time—

A. Perhaps I should have that question asked again because, while we did not discuss our merger with the Comptroller's office until we were ready to go ahead, there were contacts made to obtain the form of application, but not the discussion of the merger itself.



Q. I see. At the time the proposal was presented to your Board of Directors, what type of presentation was made?

A. Between Mr. Smith and myself, we advised the directors as a whole of the plans that we had been working on to bring about this consolidation, and we were prepared at that time, of course, to discuss all the factors relating to organization and price, the purpose of the merger; but there was nothing in the form of any written report to the directors.

Q. The proposal was entirely oral?

A. Yes, it was.

Q. I take it the application had not yet been prepared at that time?

[fol. 4405] A. The application had been prepared at that time.

Q. I see. You had already prepared the application at the time you presented the matter to your Board of Directors?

A. That's right.

Q. Can you tell me the date on which you presented it to the Board of Directors?

A. On November 15.

Q. On the same day you filed the application?

A. Yes.

Q. Was this the first knowledge that some of your directors had of the proposal?

A. No, it was not, because about two weeks before I made personal visits with a number of them, as did Mr. Smith, to tell them what we had in mind and discuss what was involved in our merger, and to have them fully prepared for the formal presentation which occurred at the Directors' meeting; so no one was surprised on November 15 that we were about to vote on a merger.

Q. So that as to those directors who were not members of this Committee of Three, their first knowledge of the proposal came on or about November 1st; would that be correct?

A. I think that's a reasonable date, perhaps a little before that time.

[fol. 4406] Q. I see.

Mr. Price: That, of course, would be the first formal knowledge. I can't guarantee that there weren't some leaks.

By Mr. Reycraft:

Q. Well, do you have any knowledge of any prior information submitted to the directors before November 1st?

A. I don't believe I have. No, I do not.

Q. So that at least as far as you know, while there may have been some leaks, as Mr. Price suggested, on or around November 1st was the first date that all but three of the directors knew of the proposal?

A. Oh, no, you see, not all but three. You see, the committee which I outlined, which consists of about seven or eight directors, being part of the Advisory Committee, they were fully advised all during this time we were negotiating.

Q. I see. Who appointed the committee of three directors?

A. The committee of the seven or eight directors.

Q. They appointed the committee of the three directors?

A. Yes.

Q. And the committee of seven or eight directors is a continuing advisory group; is that correct?

A. That is correct, yes.

Q. Who appointed this group?

[fol. 4407] A. The Advisory Board?

Q. Yes, sir.

A. They are appointed by the directors.

Q. By the whole Board of Directors?

A. The directors as a whole appoint the Advisory Board. It is similar in some banks to what might be called the Executive Committee of the Board.

Q. And who nominates the Advisory Committee of the directors?

A. The President and the Chairman nominate them and then they are approved by the Board as a whole.

Mr. Reycraft: Mr. Price, if you have no objection, I will skip to page 25. Is there anything you want in between?

Mr. Price: No.

Mr. Reycraft: At the bottom of page 25 I will resume.

Q. At page 8 of the application, Mr. Brown, the statement is made that the Philadelphia banks have not been able to meet fully the banking needs of the expanding

Philadelphia metropolitan area. Could you give some specific illustrations of the failure of the Philadelphia banks to meet these needs?

[fol. 4408] A. In Philadelphia we have seen—and when I say Philadelphia I mean in the communities around us—we have seen a greatly expanding population and a great change in business activity, business moving from Philadelphia out into the country; and we are seeing that where businesses used to build small plants and occupy space in a loft building, they have now large buildings which cost a great deal of money, in locations both in the city and outside the city.

As we look at the situation from the standpoint of our bank, we think that we can only serve those businesses properly if we can help them finance their move and their expansion and their business and—

Q. You are referring now to the growth of some of the businesses in the Philadelphia area, that are expanding their operations from what you referred to as a loft operation and increasing their facilities, and they are requiring additional capital to do this?

A. Yes.

Q. And many of them, I assume, would start out with your bank as fairly small accounts and would develop into larger accounts, and I take it that you would assist them as they go along by lending money and providing banking services generally to them?

A. Yes.

[fol. 4409] Q. Excuse me.

A. I don't think I have nearly finished that question.

Q. Oh, please go ahead.

The Witness: And in order to have money available to do this we have to develop more deposits so that we will have more lendable funds.

In the Philadelphia area there has been a very small amount of deposit growth. We feel that if we are to get more deposit growth we are going to have to go out on the national scene and even the international scene in order to bring new money into Philadelphia. If one looks at the Clearing House figures week after week, the deposits run in the area of \$4 billion, and we see very little change in that; so that we feel that if we can, in order to serve this

expanding population and this expanding business here, if we are going to have a full part in it, we are not going to be able to use and have enough dollars to support this unless we go out and bring dollars into this community that have not been here.

The only way that this can be done is to go out on the national scene and the international scene to bring those dollars here, so that we will not only build our bank through activities with those national companies, but we will also have more money here in Philadelphia to be able to stand [fol. 4410] up and be counted in connection with loans that our industry here needs.

We see most of the larger industries here in Philadelphia and all the adjacent counties that we serve opening up accounts in other areas where they look for their financial support, and we just want to have a bigger part in the Philadelphia business activity.

By Mr. Reyecraft:

Q. Is there any limitation at the present time on the size of the deposit you can take from any particular business?

A. No, there is not.

Q. So that the proposed merger would not affect your ability to hold deposits; would that be correct?

A. I am not sure that I understand that question, Mr. Reyecraft.

Q. Well, perhaps I don't understand what the limitations are on your ability now to attract deposits from businesses who want to put larger deposits in a bank in Philadelphia.

A. Our limitation in getting deposits here is directly related to the fact that we are not a large enough bank to attract these deposits.

I thought you were saying could we take a deposit of any size. We certainly could, if we could get it. The problem is trying to get it.

[fol. 4411] Q. Do you know of any particular deposit that you could get in a merger, which you are not able to get now?

A. Yes. You take companies where we are giving a line of credit, if we can increase that line of credit to the company there are always associated with such lines of credit

a requirement that there be a supporting balance to the line of credit.

To illustrate, if we gave a line of credit of \$2 million to a customer, he would carry \$400,000 with us as a deposit. If we could move that line of credit up to \$5 million for that very same customer, he would carry a balance with us something on the order of \$1 million; so that we would increase our deposits just by being able to grant greater lines of credit availability.

Q. Are there particular companies that you have in mind who would do this?

A. I would say almost every company that's on the national scene and also any company that is of a substantial size.

Q. You wouldn't care to name any at the moment that you are satisfied would increase their line of credit in this fashion?

Mr. Price: Are you asking a guarantee? That is a little speculative. He might have great hopes.

Mr. Reycraft: I am not asking for a guarantee I will [fol. 4412] settle for hopes at this point.

The Witness: I can say we have reason to believe in connection with a number of customers and prospective customers that we could obtain their deposits if we had the ability to attract that business here.

By Mr. Reycraft:

Q. These are customers you don't now have?

A. Customers that we don't have and customers that we now have.

[fol. 4413] Q. Can you tell me who these customers are?

A. Well, you take a company like the Atlantic Refining Company; we have a modest balance with that company.

Q. How much is it; can you tell me?

A. Perhaps running in the area of \$100,000 or \$200,000. If we could grant them a sizable line of credit I don't think there is any doubt but what they would borrow in Philadelphia rather than in New York.

Q. What is the line of credit you grant them now?

A. We don't grant them any because they don't want to accept a line of credit from us.



Q. Do you know where the home office of the Atlantic Refining is?

A. Yes, down here at 260 South Broad Street.

Q. Do you have any more concrete basis for your hope that they would open a line of credit with you if there were a merger?

A. They have indicated to me—the Financial Vice-President has indicated to me—that they would expect to do much more business here in Philadelphia if we had a larger bank.

Q. Where is their main line of credit now; can you tell me?

A. I think it's with the Chase-Manhattan Bank in New York.

Q. What is the maximum line of credit you could extend to Atlantic now?

[fol. 4414] A. Six million dollars.

Q. And they haven't taken advantage of any part of that?

A. You see, the larger companies don't like to accept small lines of credit, relatively, when their borrowing needs are much greater. When you speak of other companies, just the other day the Scott Paper Company indicated that they would hope to do business with this bank. We don't do any business with them at all—

Q. They have no deposit with you?

A. They have no deposit with us at all.

They are located down here in Chester and also near the airport, and they said that they would certainly welcome the possibility of doing more business, of doing business with us. They are not doing business with us at all at the present time.

The Sun Oil Company, a local company, their president has told me that he looks forward to the day when that company will be able to do business with this bank; and this, of course, means a line of credit and an account. We don't even have an account with the Sun Oil Company.

Q. They have no deposit account with your bank?

A. No deposit account with us.

Q. And no line of credit?

A. And they have no line of credit, but they look forward [fol. 4415] to the time when they will have it. They do a

substantial amount of their borrowing in New York. They are examples of the kind of accounts that we are looking at for future growth.

Q. One of your directors, I understand, is also a director of Atlantic Refining; is that correct?

A. Yes. C. Jared Ingersoll is a director of Atlantic Refining.

Q. And is he the source of your information that you would receive Atlantic Refining's account?

A. No. No, he is not.

Q. Who furnished this information to you?

A. This has come to me directly and indirectly from Mr. Bradshaw, who is the financial vice-president of Atlantic Refining.

Q. Are there any other companies who have given you any informal assurances that they would open an account with you after a merger?

A. The Lehigh Portland Cement Company in Allentown have indicated that they would definitely activate their account with us after the merger. They do all of their borrowing over in New York.

Q. Do you know what their line of credit is in New York?

A. No, I don't, but I know it's large.

Q. "Large" being in what area?

[fol. 4416] A. I would think perhaps \$25 million.

Q. Do you know whether they have this entire line with one bank in New York?

A. I do not. The Air Products Company in Allentown have told me that they would welcome a larger bank and that they would like to do their business, more of their business, in Philadelphia, rather than having to turn to New York and Pittsburgh.

Q. Do they do any business with your bank now?

A. They do not, except that we have financed some equipment in our Commercial Installment Lending Department.

Q. Are there any others that you know of?

A. I know there are others, but they just don't occur to me right at the moment.

Q. Do you know of any new business enterprises which would come to the Philadelphia area as a result of the merger between your bank and the Philadelphia National Bank?

A. No, no. I do not. We, of course, can not really pursue that until such time as we can talk to some new business about having that kind of a bank. Naturally, we haven't gone around asking "iffy" questions as to whether they might do business with us or would they come to Philadelphia if we were a larger bank.

Q. On the other hand, has any business told you that they [fol. 4417] could not come to Philadelphia because of the small size of the banks?

A. No. I haven't heard that.

Q. You also state in the application that it is not feasible to increase your lending limit by increasing your capital. Could you explain why this is true?

A. Well, the greatest reason is that it is a very expensive process. In order to sell bank stocks, which bring a price that yields the investor somewhere between 4½ and 5 per cent, you can not sell capital on which you must pay dividends on an advantageous basis to the bank, nor to the stockholders. Those stockholders who couldn't put up the additional capital, make the investment in it—their interest in the bank would be diluted because the earnings required and the dividends which would have to be paid in connection with that stock would have the effect of diluting the position of the stockholder who couldn't afford to put more money into the bank.

Q. Wouldn't you assume that the additional capital you raise would be put to work and would also earn money?

A. The new capital that we would acquire could be put to work and earn money, but not in a sufficient amount that would produce enough to maintain your earnings position and your dividend requirements.

Actually, capital is a base for getting deposits and the [fol. 4418] deposits are the real asset of the bank, which puts you in a position to loan money. You could raise all the capital that you could possibly raise but until such time as you are able to get the deposits your position would be one that you could not realize upon.

Q. So your assumption is that an increase in your capital would not result in an increase in your deposits?

A. An increase in our capital would help increase our deposits, because we could have greater funds to lend, but

not sufficiently to make the transaction one that you should enter into.

Q. Is the question one of cost of raising the additional capital?

A. The main problem is the cost of raising the capital.

Q. And would you—

A. Perhaps I shouldn't say that's the main problem. In a bank you have got to raise the capital and then you have got to get the deposits, and if you can raise the capital without the deposits you will have too much capital, but you have got to have the capital to support the deposits.

Q. What type of costs are involved in raising the capital?

A. The main cost is that you sell the stock at a price usually below its market value and there are incidental costs of the marketing itself; but the real cost, when you [fol. 4419] sell that capital, is that you have to start earning money on that capital and to the same degree that you are earning money on your present capital because you have to pay the same amount of dividends on that capital. This is where the rub is, that you just can not sell any sizable amount of capital and have your earnings anything but diluted.

Q. You don't think that you could increase your earnings sufficiently rapidly with an increase in capital?

A. We do not think so. This has been the experience of banks around the whole country.

Q. An increase in your capital would provide an increase in your loan limit, would it not?

A. Yes, it would; but this comes in very small bites. If we would increase our capital by \$1 million, we would increase our loan limit by \$100,000; and this does not make progress very fast.

Q. Have you ever raised capital through selling stock?

A. Yes. We have.

Q. When did this happen?

A. At the time of the Girard-Corn Exchange merger in 1951 we sold capital. I think it brought \$35 a share. I believe the value of the stock at that time was around \$50 a share, so that we offered these shares to our stockholders and sold. I think, about something on the order of about [fol. 4420] \$4½ million worth of capital.

Now, this would increase our lending limit by \$450,000.

Q. What was your total lending limit at that time?

A. Our total lending limit at that time—I am not certain. It would be in the area of perhaps \$4½ million to \$5 million.

Q. So that you increased your lending limit by about 10 per cent by that transaction?

A. Yes.

Q. And you also state in the application that your capital position in the bank is already strong in relation to your deposits—

A. That is true.

Q. —which means that you have more funds available than you can lend; would that be a fair assumption?

A. No, no. That is not a proper assumption. This means that the depositor who has his deposit with us has a greater capital related to that than perhaps the depositor of a number of other banks.

Our capital position is that we have about \$1 for every \$10 of deposit, or 10 cents to every dollar; and this is a higher ratio than most of the banks (not by a wide margin) in Philadelphia and elsewhere in the country. Our predicament is the deposits. The fact that we have the additional capital and we are better capitalized than many other banks allows us to loan more money with less risk to the depositor because we have a strong capital position; but you have to have the deposits to loan.

It isn't the capital that you loan; that's only a small part of it. The deposits are the things that produce the returns, so that if we had more deposits we could increase our earnings substantially, because we could loan more money. The real block to loaning more money is not having more deposits in relation to that capital.

Q. I see. You state in various places in the application that Philadelphia needs a larger bank. How large do you think a bank ought to be in Philadelphia in order to give the area the type of service which you think it requires?

A. I think that the present contemplated bank would largely accomplish that position, which I think a bank should occupy in Philadelphia.

Q. The lending limit of the proposed consolidated bank would be about \$15 million; is that correct?

A. Fifteen million dollars, yes.



Q. You referred earlier to the Atlantic Refining Company, which you think might do business with your bank. Would this loan limit be sufficient to take care of all of its needs?

[fol. 4422] A. No, I do not believe it would.

Q. Would it be sufficient to take care of all of Scott's needs?

A. I should doubt it.

Q. How about Sun Oil?

A. I don't think it would be sufficient to take care of all of their needs.

Q. And Lehigh Cement, I believe you testified, has a \$25-million line?

A. I doubt if we could meet all of their needs.

Q. And how about Air Products?

A. I think we could meet their needs.

Q. Wouldn't it follow that a further merger after this one would be desirable for Philadelphia in order to increase the lending limits even more?

A. I shouldn't think that would be necessary.

Q. Could you explain that, your reasons for that assumption?

A. Well, if our bank had a \$15-million lending limit, we could add through retained earnings each year something on the order of, I would say, \$7½ million to \$10 million; and over a period of years we would be in a position, through our own internal growth with this larger capital and ability to do more business and to make more money under one roof, that we could increase our capital perhaps as much, during a 10-year period, at least let's say another [fol. 4422a] \$50 million, which would give us another \$5 million; so then we would have a lending capacity, within a relatively short period of time, of \$20 million, and this would continue to grow.

Q. How much has your bank's capital increased in the last 10 years?

A. I don't know the answer to that question. It would show in that annual report that you are looking at, probably.

Q. I think it does. I believe this shows somewhere from about \$47 million in 1950 to \$75 million in 1960. Does that refresh your recollection?

A. Yes. That would be approximately correct.

Q. Do you anticipate any decrease in that rate of growth?

A. No, I think that rate of growth will continue.

Q. Your bank has an able and sound management, does it not?

A. We think it has.

Q. And there is no reason to think that this will change, is there?

A. I don't believe so.

Q. Would you say that the management of your bank was any factor in considering whether the proposed merger would be in the public interest, the sufficiency or the adequacy of the management?

A. I think this was a consideration.

[fol. 4423] Q. Could you explain that, sir?

A. Under our new arrangements with Mr. Potts as chairman and chief executive officer, and myself as president and chief administrative officer, we will have two men instead of one. We will have also chairmen and we will also have vice-chairman of stature, additional senior vice-presidents, a larger complement of vice-presidents, and there is just no doubt about the fact that our bank will be a stronger bank from a management standpoint because—

Q. There will be more of you?

A. —there will be more of us. And, certainly, when one man is away there will be someone to take his place to carry on some responsibility that he might otherwise have to be there to be carrying on.

Q. Is this a problem for your bank now?

A. In our own bank, I certainly can't find enough time to get all the things done that I would like to do for the advancement of our bank.

Q. Wouldn't your duties increase as president of the combined bank?

A. I think they will take a different form, and I will have many associates upon whom I will be able to call for assistance.

Q. Many of whom will be the same associates that you [fol. 4424] now have?

A. Yes, but we will also have, instead of one expert in Personnel I will have two, and instead of one expert in Operations I will have two, and with Operations being as

important as they are this is a real plus in the new bank from a management standpoint.

Q. Can you describe in a general way the methods that you now employ to handle loan participations which are larger than your own bank can handle or wishes to handle?

A. This is a field in which we do not engage very frequently because most of the time we are not afforded the opportunity. If substantial additional lines of credit are desired, the practice of industry is to make those arrangements with the individual banks, so that while we perhaps would be the lead party in the loan agreement or the loan arrangements, and we might be the one that issued the participation certificate, the industry or the business has already made the individual arrangements with the banks and these are not arrangements that we make with the banks. There are a few occasions when we might participate a loan of a business to some other bank, completely on our own, but this is something that businesses do not like and, as I say, we do very infrequently.

Q. Can you tell me approximately how many loan agreements you now have current which are shared with other banks?

[fol. 4425] A. No, I don't believe I could.

Q. Do you have a list of them? Would there be a list available in the bank?

A. I am not certain that I am sure that you are referring to agreements that we have with banks with business where three or four banks are participants in a loan, or whether you are talking about a loan that we have that we participated to some other bank.

Q. Well, let's take the former. Would you have information available on the number of agreements of that type?

A. Yes, we would. We, of course, know who our partners are in any loans.

Q. And you would have a copy of the agreement which governs the loan?

A. When you speak of agreement, most cases there are no other agreements than just a note.

Q. And would the note show the other parties to the loan?

A. Not necessarily.

Q. Where would this information be reflected in your place?

A. That would be in our Loan Accounting Department.

Q. And would your Loan Accounting Department have any list prepared or would they submit to you any list on a regular basis showing information of this type?

A. No, there wouldn't be any occasion to do that. You [fol. 4426] see, in these cases the businesses are dealing directly with the banks, and while we may be one of them there is an individual contact with each one of the banks.

Q. And you wouldn't necessarily know who are the other banks participating in this loan?

A. We would know that because in granting a line of credit we always want to know who the other lenders are.

Q. And this information would be reflected in your files?

A. Yes.

Q. In the Loan Department?

A. In our Credit Department and in our Loan Department.

Q. And are there any summaries of this type of information available?

A. I don't believe there are.

Q. With respect to loans where I believe you said you issue the participation certificates—

A. Yes.

Q. —can you tell me how many loans of this type you have?

A. Offhand, I do not know. We participate some brokers' loans to the correspondent banks.

By the way, that is another service that we perform for correspondent banks, just providing an avenue of investment for that correspondent bank. This would amount in total to about \$6,000,000 at the present time. Just how [fol. 4427] many cases it is, I don't know offhand. Not many. Nor would any participations we have with any other banks run into any sizable number at all. It would be a very modest amount.

Q. The certificates would also be maintained in your Loan Department, I take it?

A. Yes, they would be.

Q. And you don't get any periodic reports on the number of these?

A. There would really be no occasion to get those.

Q. Can you tell me what type of loan usually requires a participation basis?

A. This would be a loan that would be an amount that would be greater than you would be willing to loan the company, or would be one which would exceed your lending limit.

Q. Is there any particular type of commercial loan which would be predominantly of this type?

A. I would say not.

Q. Do you know how much of your total loan business consists of loans in which there are participations by other banks?

A. No, I don't know that.

Q. Would this information be available from any of your business machines?

A. Not from the business machines but it would be [fol. 4428] available by looking in our Loan Department records.

Q. To go back a little bit: Do your business machines yield information as to the dollar categories in which loans fall, for example, 0 to 500, 500 to 1000?

A. No, they do not.

Q. One would have to look at your periodic reports summarizing these loans in deriving information from those reports, I take it?

A. That is the only way you could determine it. For instance, if you looked in our consumer credit regular loans and our business loans, we would probably have 75,000 of those. So that we don't classify them \$100 to \$500; there are just 75,000 loans we have in that category.

Q. And you have no over-all information as to how they are broken down by amount?

A. I am not sure that I understand that question, Mr. Reycraft.

Q. Well, for example, could you ask your Loan Manager how many of the 75,000 loans are for a thousand dollars or more?

A. He could only find that out by—

Q. By counting them?

A. —by counting them.

Q. In those loans, Mr. Brown, in which your bank participates, do you require the borrower to make any specific



[fol. 4429] deposit with your bank or any percentage of the loan as a deposit with the bank?

A. Well, of course, we wouldn't be participating a loan unless we had a deposit in the first place.

Q. But where you share in a loan that originated with some other bank, for example, do you require the borrower to have a deposit with your bank?

A. Yes. We wouldn't be interested in taking the participation unless that borrower had a definite relationship, banking relationship, with us, except in the case of the fact that this other participating bank might have a very substantial account with us and would be willing to increase it in relation to our participating, then in that case we would be willing to take the participation.

Q. You would expect a deposit to come along either from the borrower or from the originating bank?

A. Yes. We just don't buy loans that don't have deposits attached to them.

Q. Is there any percentage which you would require of the loan to be made up?

A. 20 per cent is the amount that we usually think of as a rather appropriate amount to be associated with in support of the loan.

Q. Would you be able to state, Mr. Brown, whether you [fol. 4430] have any loans in which you participate with the Philadelphia National Bank at the moment?

A. I could not, although I do know that we have loans arranged here by our customers who have also arranged loans at the Philadelphia National where they are also a customer.

Q. These are separate loans; they are not participated loans; is that correct?

A. No. It would be the unusual case where we would participate it back and forth, except perhaps maybe in the case of a term loan where if it were a term loan agreement and the Philadelphia National happened to be the managing bank, in that case they would give us a participation certificate. But if it were the ordinary loan where we participate, each bank has its own loan and the number of loans that a business has just makes up this total loan arrangement. The Philly doesn't make the loan and then give us a part of it, or vice-versa.

Q. I believe somewhere in the application you state that there are approximately 392 loans common to both banks, that is the same borrower has loans with each bank in 392 cases.

A. Yes, that is correct.

Q. How is this information obtained, can you tell me that?

A. Well, we took our—we listed our loans which were, I think, \$50,000 and over and they listed their loans of [fol. 4431] \$50,000 and over, and I think we determined in that fashion whether we had loans to the same company.

Q. Do you have any recollection as to the total number of loans of \$50,000 and over maintained by your bank? You made a list, I take it?

A. No, I do not.

Q. I think we should have a correction in the record, Mr. Brown. I referred to loans in 392 loans. I believe I misled you. It is 392 checking accounts.

Mr. Price: The loans appearing on page 100 are 67.

By Mr. Reyecraft:

Q. So the number of mutual checking accounts would be 392.

A. Now, the answer to that question then would be that we took all of our accounts that were \$10,000 and more, and I think in all there were about eleven thousand such accounts, and we then checked each side of the record as to whether we had accounts in each bank, and that is how we discovered that we had 392 out of eleven thousand-odd in the two banks. And we did the same thing in the loans which you now indicated are a lesser amount.

Q. Yes. Is this list still available, sir, do you know?

A. I think it must be.

Q. And I assume a similar list would be available with [fol. 4432] respect to the mutual-time accounts?

A. I think that would be so.

Q. And in mutual-loan accounts?

A. I would think so.

Q. And were any similar lists prepared for checking accounts, for example, with balances of less than \$10,000?

A. I do not believe so.

Q. Or with respect to—let's see, mutual loans, I believe you have testified, the limit used was \$50,000?

A. \$50,000 is my recollection is the amount that we used.

Q. Mr. Brown, do you recall any occasion in the past, say, ten years when your bank had to refuse a specific request of any borrower to make a loan because of your lending limit?

A. No, I do not. I might say that they don't ask you when that situation is apparent.

Q. Do you know of any of your depositors who have gone to another bank for what you believe to be that reason?

A. No, I don't believe that I do know of any depositors that have gone to another bank for that reason, but surely believe I could find cases where that was so.

Q. At page 9 of the application you use the term "wholesale bank." Could you define that term for us, please?

A. When you speak of a "wholesale bank," you think of a bank that deals mostly with customers that have large [fol. 4433] accounts, business, correspondent bank accounts, and accounts other than those which might ordinarily be known as retail banking, which covers the field of saving-fund accounts, consumer credit, small checking accounts, and that type of business would be of the retail nature and not found in a "wholesale bank."

Q. Does your bank do both types of business?

A. Yes, we do.

Q. And does Philadelphia National do both types of business?

A. Yes, they do.

Q. Are there other banks in the Philadelphia area which compete for what you sometimes describe as national banking business?

A. Yes.

Q. Which banks are they?

A. I would say that the First Pennsylvania Company, the Provident Tradesmens Bank, Philadelphia National Bank, the Fidelity-Philadelphia Trust Company, and to some degree I would say the Central-Penn National.

Q. Are there any others?

A. I believe on a national scale, except for pay-roll accounts of national concerns and convenience accounts, you could include all the banks in the area who compete on

that basis, but if you are speaking of competing for national [fol. 4434] business and endeavoring to obtain a primary account or an important account—

Q. A line of credit?

A. —a line of credit, I think it would just be with those, say the first six banks in the city.

Q. The remaining banks you would consider to be competitive basically in the local market; would that be correct?

A. Yes, I think their competition for the most part would be in the local market.

Q. In what areas of business do they compete in the local market?

A. Do you mean these other banks?

Q. Yes, sir. The smaller banks.

A. For all types of banking business where you serve the public, such as regular checking accounts, special checking accounts, consumer loans, safe-deposit business, the business of that nature.

Q. Do each of them compete with your bank for these banking services?

A. If located near one of our activities, they would be competing with our bank.

Q. How near would it have to be to be competitive, in your judgment, for deposits?

A. I should think if they would be within about a mile [fol. 4435] from the bank they would be competing for that type of service.

Q. How about loans?

A. The same would apply to the loans.

Q. Would this apply to their ability to compete for the loan business of small businesses in the area?

A. Yes, they would be just as competitive as we are for small business loans.

Q. Would you consider that their area of competition would extend beyond one mile?

A. I would think so for the small business loans. I was thinking mostly of distinctly retail business when I was describing the competition for checking accounts and that sort of thing.

Q. In other words, for checking accounts and for small deposit accounts, the area of competition would be around—

A. It would be a neighborhood competition, whereas for small loans to small businessmen they might go quite a distance to get their accommodations.

Q. How far in your experience would this area extend?

A. I think the small businessman would go wherever he thought he could be served.

Q. Do you think he is in the national market?

A. Do you mean a customer for the national banks, for banks who are in the national scene, do you mean?

[fol. 4436] Q. Would he go to New York, for example?

A. That would be very unlikely, that the small businessman would go to New York.

Q. In what area of size of loan do you think there would be a demarcation in the local business as distinguished from the national business?

A. I would think that a borrower who needed a million or more would perhaps go to another city.

Q. Is it your experience that borrowers who require less than this amount generally remain in the local area?

A. I would think there would be plenty of accommodations for those borrowers here.

Q. With respect to the six banks that you described as being competitive in the national market, is it your opinion that each of these banks is competitive with each other?

A. Yes.

Q. Your bank competes with First Pennsylvania, for example?

A. Yes, we do.

Q. With Provident?

A. Yes.

Q. And with Philadelphia National?

A. Yes.

Q. Fidelity?

A. Yes.

[fol. 4437] Q. And Central Penn?

A. That's right.

[fol. 4438] Q. And you compete with each of these banks not only with respect to national business but also with respect to local business of all character?

A. Yes, we compete with them both nationally and locally. And I haven't mentioned trust business. This is also an area of competition between us in these banks.



Q. Between these six banks that you have named primarily?

A. Yes.

Q. Is business of this type primarily local in nature?

A. This business, of what type?

Q. Trust business.

A. No, not necessarily. In the larger trust companies the field of trust activity would be much larger than the smaller banks that I have mentioned, such as Central-Penn. Our activities would take us all over this state and other adjacent states and out to the Midwest and down to Florida and areas such as that.

Q. The beneficiaries would live in these areas; is that correct?

A. The beneficiaries may very well live there. I am talking about the people who are the settlors and testators and not the beneficiaries. This is primarily a piece of trust business where someone makes a deed of trust. We have, for instance, a big field for this in areas like Easton, [fol. 4439] Bethlehem and Allentown, areas such as that.

Q. Would you have any figures available to show the origin of your trust business by the settlor or testator?

A. I have none available personally.

Q. Would your Trust Department?

A. This could be obtained.

Q. Your Trust Department has information of this type. Do they have this information in any of your business machines, in your IBM equipment, for example?

A. I should doubt that.

Q. Approximately how many trust accounts does your bank maintain?

A. About eight thousand.

Q. And it would be necessary to analyze each of these trust accounts in order to determine the origin of the account?

A. Yes, that would be correct.

Q. Is there any address list that you maintain of the settlors or testators?

A. The address list would be of the beneficiaries and not necessarily of the testators because in the case of their wills we don't know their forwarding addresses. But with deeds of trust, we wouldn't keep records of their addresses

but we would know where the business originated, and we [fol. 4440] undoubtedly could identify the person by the address.

Q. Mr. Brown, page 36 of the application reference is made to advertising expense and a proposed reduction in the advertising expense. Could you tell me in a general way what type of advertising your bank now engages in?

A. Well, we advertise in all of the local papers, also the Wall Street Journal. We advertise in all the neighborhood newspapers. Our annual report, which I just saw you have, is a form of advertising or promotion that we do and is part of our advertising budget. We use this in our sales approaches.

Q. Do you have—pardon me.

A. We advertise on the radio, we advertise in many business and professional magazines.

Q. Would your advertising budget show the publications and media in which you advertise, and the amounts you spent for each of them?

A. Yes, it would.

Q. And do you have this budget on an annual basis or is it prepared more frequently than that?

A. We prepare it on an annual basis and then adjust it monthly as we go along.

Q. Would you have a year-end report, for example, which would show what you actually have done during the year in [fol. 4441] addition to your budget estimates?

A. I would say that probably not because we have fairly closely to our budget estimates, which we keep adjusting from say quarter to quarter, and I think the complete report of what we had spent would show where we spent it.

Q. There would be a complete report of what you had spent in the past?

A. What we had spent on institutional advertising and what we had spent, that is, on the bank image, and what we had spent in advertising specific services like consumer credit or items of that kind.

Q. Beginning at page 43 of the application there is a rather comprehensive list of banks under the caption, "Assign consecutive numbers and provide the following information with respect to the head office of the charter bank merging or consolidating bank, and each other commercial

bank competing within the service areas of the participating banks."

Can you tell me who prepared this list?

A. The list was prepared by people in our Branch Administration Department in this bank, and people in the Bank Branch Administration Department in the Philadelphia National Bank.

Q. Do you know how the determination was made that [fol. 4442] these banks were in competition with your bank in the service area?

A. No, I do not.

Q. For example, do you consider the Bucks County Bank & Trust Company of Perkasio, Pennsylvania, to be in competition with your bank?

A. No, not with our bank because we are not in the Bucks County area, but the Philadelphia National Bank have four or five branches there, so this would be in competition with PNB.

Q. Would I be correctly interpreting the information shown in this application if I assume that this bank is 29 miles from the head office of applicant?

A. I would say Perkasio is about 29 miles away from here.

Q. From the head office?

A. From the head office.

Q. But your assumption is that there are branches in this area?

A. Oh, there are. We have not any. The Philadelphia National have a number of branches which would be closer—what does this say?—distance in road miles and direction from head office. You see, it is the head office there. If you found that Bucks County Bank on another part of this report, you would find out that their distance from the [fol. 4443] offices of the Philadelphia National Bank wouldn't be very far.

Q. Where is that information shown?

Mr. von Starck: 53.

The Witness: If you look at 53.

Q. Mr. Brown, can you tell me who made the estimates as to the deposits and loans of each of these banks, or what the source of the estimates is?

A. This is done by the Branch Administration people in each one of the banks. I know that the source of it is that we knew what the deposits were in the banks and our people here and those at the Philadelphia National Bank would know just by looking at the branch and how long it has been established about what their deposits would be. That is how it was determined.

Q. I am not sure that I understand that. You would know from a public source, for example, what the deposits of the Bank of Old York Road would be?

A. Yes. You could look at their call reports and you would know what their total deposits would be; that's correct.

Q. And you would know what their total loans would be from the same source?

[fol. 4444] A. You would know what their total loans would be from the same source.

Q. And is that the basis for your information in this compilation?

A. I say I didn't prepare this. I know that our people use that criteria along with others which is available to them.

Q. Do I understand that in some cases it was necessary to make estimates based on sources other than the call reports?

A. You couldn't do otherwise. No banks publish deposits by branches.

Q. So that in any case where the bank shown here is a branch bank, the deposits and loans are both estimates which were made by personnel in your bank?

A. That is right. They would add up to a total, but to the proper total, but we couldn't be positive that the person had a dollar more in one branch than he had in another one. I mean this was something we couldn't determine.

Q. You have, however, for your own bank, complete information as to the deposits and loans in your branches, and the breakdowns of the loans by type, for example; would that be correct?

A. Yes, we do.

[Vol. 4445] Q. And Philadelphia National has its information on the same basis?

A. I believe so.

Q. So that your language in this application where you use "competing within the service areas," you don't mean to imply necessarily that in all cases these banks compete with either your bank or the Philadelphia National Bank; is that true?

Q. My question is, if I may frame it this way: You claim that each of the banks listed competes with your bank, do you?

A. No, they don't compete with our bank as to each one of them. But I would say this is information that is assembled with the thought that the banks in these areas do compete with the two banks, in other words, with the Philadelphia National or ourselves.

Q. And if I understand your claim then, it would be that each bank listed competes either with your bank or one of its branches, or with the Philadelphia National Bank or one of its branches?

A. To one degree or another.

Q. Throughout the table which begins on page 52 the heading appears "Estimated Population Branch Service [Vol. 4446] Area." Can you tell me the source of these estimates?

A. These are also made by our Branch Administrative Department and the Philadelphia National Bank's Administrative Department, Branch Administrative Department.

Q. Can you identify the persons who made these estimates? In each particular bank would it be a particular—

A. On our side of the bank it would be Mr. Beadle and Mr. Gardner.

Q. Their assumptions as to the service areas seem to vary somewhat. Would you have any knowledge?

A. How do you mean?

Q. Well for example, service area of Bank of Old York Road is 8,911. Does that refer to the population in Horsham, Pennsylvania?

A. No, that does not necessarily just apply to the population of Horsham, Pennsylvania.



Mr. von Starck: Mr. Reycraft, have you seen the footnote on page 71, which I think in part explains your question?

Mr. Reycraft: I understand.

By Mr. Reycraft:

Q. So that in each case the estimate is of the political subdivision in which the branch is located.

Mr. von Starck: Unless they had the actual population [fol. 4447] for that particular branch area, the way I read it.

Mr. Reycraft: And we don't know, I take it, in which cases you claim the actual population of the branch service area was available. Do you?

Mr. von Starck: I don't.

Mr. Price: You will observe the figure of 1,971,341 is Philadelphia.

Mr. Reycraft: That is my assumption.

Mr. Price: That comes from more accurate reports.

By Mr. Reycraft:

Q. That is the population of the City of Philadelphia, correct?

A. That is correct, sir, yes.

Q. And that is the service area which you claim as to these branches, correct?

A. That's right.

Q. May I ask the witness if he can tell me the difference between these two service area concepts?

A. I don't believe I can.

Q. Mr. Brown, at page 76 and going over to page 77 of the application, the sentence appears: "On the basis of providing increased credit facilities to larger customers in both banks, there will come back to Philadelphia, where [fol. 4448] they rightfully belong, the balances now carried in banks in New York City and other financial centers."

I don't mean to belabor this but did you have in mind any particular customers?

A. Well, I think this is more of a general statement because it is entirely clear to us in our experience with

particular customers that I mentioned earlier today there are many other people similarly situated where we would be able to have them do more business with the Philadelphia bank if we had greater facilities.

Q. That sentence is more of a hope, I would take it?

A. It is a hope, and I think a reasonable expectation.

Mr. Reycraft: I have nothing further in this volume. The next is the afternoon session.

The Court: What page are you starting, Mr. Reycraft?

Mr. Reycraft: I will start at the top of page 78.

(Reading of the deposition resumed on page 78:)

[fol. 4449] Q. Do you have a substantial amount of corporate trust business?

A. We have a fairly sizable Corporate Trust Department. Actually, it's not what might be described as a large department, although it does a substantial amount of work for our customers.

Q. Would these accounts be largely local in origin?

A. I would think that they would be largely local, although corporate trust business flows from banking business ordinarily so that you would, if you had an out-of-town customer, you could very well get an out-of-town piece of corporate trust business.

Our pension and profit-sharing trusts are in our Corporate Trust Department and they come from all over the country, from national concerns and from large accounts that we have of smaller concerns around the country; and we also sometimes acquire corporate trust business just on really cold solicitation.

Q. Do you know, with respect to the other banks in the Philadelphia area, whether they are organized, whether their commercial departments are organized on industry lines or on geographic lines?

A. I would say I have no definite knowledge on the subject.

[fol. 4450] Q. Your own bank, I take it, is organized on geographic lines?

A. We are organized on geographic lines, yes. We have a Philadelphia geographic area and then we have the out-of-town, which covers really the whole country.

Q. Is this out-of-town department the one you just testified about earlier here?

A. Yes.

Q. Are any of these officers in your out-of-town department specialists in any particular areas of business?

A. There are some—there is some specialty in that department. One man is a specialist in the food industry, for instance.

Q. Do you have a petroleum specialist?

A. No. We do not. This has been one of our weaknesses.

Q. Have you felt that you didn't have sufficient business to justify one? Is that the reason?

A. Yes, just that we are not large enough to afford industry specialization in our Banking Department. This is something we hope to attain, but we have just not been large enough as yet to have it.

Q. Are you familiar with the manner in which, for example, Chicago banks are organized in their Commercial Departments, that is, with respect to industry or geographic lines?

[fol. 4451] A. I happen to know something about the First National Bank in Chicago. I know they have themselves organized in petroleum, chemicals, building, transportation, utilities.

Q. Do you know how the Continental-Illinois is organized?

A. No. We have no relationship with that bank, so we would have no reason to know.

Q. At page 79 of the application reference is made to the fact that the charter bank, with two local competitors, is a sponsor of a small business investment company. Who are these two competitors? Do you know that?

A. Yes, they are The First Pennsylvania Company and the Central-Penn National Bank.

Q. Your bank hasn't participated in that organization?

A. No. We have not as yet.

Q. I understand that your bank also proposes to establish a department for dealing in Federal funds.

A. This is something that we have discussed and, as a matter of fact, The Philadelphia National Bank, since this application has been filed, has made a start in that direction.

Q. Isn't New York the primary area for this type of activity?

A. For the Federal funds?

[fol. 4452] Q. Yes.

A. Yes, they make quite a specialty. They make quite a specialty in it in New York, being the financial center that it is.

Q. It is quite likely, isn't it, that that will continue to be the case, that it will be difficult for Philadelphia banks to make any substantial inroads on this market?

A. We think not. You see, many small banks throughout Pennsylvania and New Jersey and Delaware find themselves in a position where they can't employ every dollar of their funds advantageously and if we are the correspondent of that particular bank the ability for us to be able to buy from that bank or sell to that bank Federal funds will just be another way of cementing our relationship and meeting some of the competition that others offer; and I think, in view of the fact that we will be dealing with people in our general area, that we will have a chance to build up that department fairly substantially.

Q. The Philadelphia National, you say, has already made a start in this area?

A. They have just started since this application was filed, as a matter of fact.

Q. What relation is there between establishing departments of that character and the size of the bank involved? [fol. 4453] A. Well, you have to have flexibility in being able to trade in Federal funds and you have to have sufficient amounts of money in deposits to be able to have available funds to sell or to be able to buy funds that they have to sell.

Q. Doesn't the Philadelphia National have sufficient funds for this purpose now?

A. I would say that they will not be able to do the kind of job that should be done until they are larger.

Q. Can you tell me what the average term is of your commercial loans, in time?

A. When you say time are you defining it by a time loan or—

Q. No, I am referring to a loan, for example, which would



become due in one year or two years. I am not talking about installment loans.

A. Oh, you are talking about a term loan?

Q. Yes, a term loan.

A. Well, as a commercial bank, we don't like to make a term loan that will run for longer than five years.

Q. What is the reason for that?

A. Because we are in the business of meeting our depositors' needs for withdrawals and we cannot have tied up for too long a time moneys on deposit with us, so that we think five years for a commercial loan is a fairly lengthy [fol. 4454] time in relation to our deposit requirements.

Q. You have to maintain a high degree of liquidity; is that right?

A. A reasonably high degree of liquidity.

Q. And that is because primarily of the fact that you do have demand deposits?

A. That's right.

Q. Do you know what the longest term is of any loan you have, commercial loan you have at the present time?

A. No, I do not, but—

Q. Do you have any for ten years, for example?

A. We might have as quite an exception a loan for that length of time.

Q. In general five years is the limit?

A. That is right; in general.

Q. And is that true generally of commercial banks?

A. I think it is.

Q. What about real estate loans? What type of real estate loans does your bank make?

A. It all depends about what time you are talking about. For instance, we did make VA loans, but we are not making those now. We made FHA loans.

Q. These are home modernization loans?

A. No. I thought you were talking about mortgages.

[fol. 4455] Q. That's what I was.

A. No, we make home modernization loans, but they are not of the FHA type.

Q. These are construction loans you are referring to?

A. No, these are regular house loans, where they are insured by the Federal Housing Administration; and then we make conventional loans.



Q. What is the term usually applicable to loans of this type?

A. We usually loan in conventional loans, for periods of 15 to 20 years. Of course, on the FHA loans we loan during the period of time that is provided by the FHA regulations, which is usually for a longer period.

Q. If a corporation wishes to make a loan for 10 or 15 years, where does it usually go?

A. Do you mean a mortgage loan?

Q. No, a general commercial loan. Are there such things?

A. If he wanted to make a general commercial loan, he probably would go to his bank and a financial institution like a life insurance company; the bank taking the shorter end of the loan and the insurance company taking the longer end.

Q. Short and long in terms of time, do you mean?

A. Yes.

[fol. 4456] Q. I understand from the application at page 95 that the direct competition between insurance companies and commercial banks is not significant. That is the way it is expressed in the application.

A. I would say that it was not significant, although we do find companies like The Prudential Life Insurance Company coming into this area and making five-year term loans to small business.

Q. Is this usual?

A. I would say it's a trend which is increasing, that insurance companies are getting more into the term loan field and taking the whole thing themselves.

Q. In general, is it true that insurance companies and commercial banks, the type of loans they make, are complementary rather than overlapping types of loans?

A. I would say yes, except in the case of mortgage loans. In this case we are direct competitors of each other for mortgage loans.

Q. Would you characterize the type of loans which you have described, where you take the short end and the insurance company takes the long end, as a participation type of loan?

A. I would think that this would be called a participation type loan, although ordinarily that is not what one thinks [fol. 4457] of when you talk about participating loans.

Certainly, when we take the first five years and the insurance company takes the next ten years, each is participating in a loan, but they are not participating in our part of the loan or we are not participating in their part of the loan.

Q. You are not participating at the same time?

A. Well, we are both participating in the whole loan, except that we get paid out sooner than the insurance company, which is on the end of the loan while we are on the front of the loan.

Q. Mechanically, how does this work out? At the end of five years does the insurance company pay the loan off to your bank and then take it for the remainder of the term?

A. No. The borrower, by the time the five years are up, has paid us off the loan and we are out; and the insurance company stays with him for the balance of the ten years.

Q. I understand, but this entire loan is governed by one basic document; the loan agreement covers the participation of both the bank and the insurance company?

A. Yes. That is usually the case.

Q. Now can you tell me in a general way how many of these loans your bank participates in at the present time?

A. I don't know the answer to that.

[fol. 4458] Q. Are there relatively few of this type?

A. Relatively few. This is not a large operation as far as we are concerned.

Q. They would be managed by your Commercial Loan Department?

A. Yes, they would be.

Q. What insurance companies are involved in the loans that you have? Do you recall that?

A. I would think that probably The Penn Mutual Life Insurance Company—I say, I think particularly of The Penn Mutual Life Insurance Company. We have had some of that with them.

Q. That's the only one you can think of?

A. Yes.

The Court: I think we will suspend at this time, because you are starting a new subject.

(Recess taken at 12:30 P.M. until 2:00 o'clock P.M.)

[fol. 4459]

## AFTERNOON SESSION

Present: Counsel as previously noted.

Mr. Price: If Your Honor please, I have two live witnesses. May I put them on now?

The Court: You may.

Mr. Price: Thank you.

Mr. Hankin.

PERCH P. HANKIN, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Price:

Q. Mr. Hankin, you are a member of the bar?

A. Yes, sir.

Q. And also president of the Bank of Old York Road?

A. Yes, sir.

Q. Will you tell me when that bank was organized?

A. It will be ten years this coming April 1st.

Q. Were you one of the original group that organized the bank?

[fol. 4460] A. Yes.

Q. Has it always been in the same location?

A. Yes.

Q. What is its present address?

A. Easton and York Roads, Willow Grove.

Q. How did you come to organize that bank?

A. Being one of the business people in Willow Grove and having my law office there, we attempted to get a Philadelphia bank to open a bank in Willow Grove. We approached most of the banks and they did not see fit to come.

For that reason we applied for a charter and received one from the Pennsylvania Department of Banking, and the FDIC.

Q. How has the bank done since then?

A. Very well.

Q. What is its present condition?

A. Sixteen and a half million.

Q. What are the deposits?

A. 15.4 million.

Q. And its capital and surplus?

A. 1.1 million.

Q. During that period of time several mergers took place of smaller banks in your general area with larger Philadelphia banks, did they not?

[fol. 4461] A. Yes. The closest one is Hatboro, a mile and a half north of us, which merged with Philadelphia National.

The closest one south is Abington, two miles south, which merged with Fidelity-Philadelphia.

The Southampton Bank merged (that's about four miles away) with the Philly National. Huntingdon Valley Bank, which is about four miles away also merged; two Ambler banks merged.

The Jenkintown merged in reverse just last week, and the only remaining independent banks in our area today are ourselves, which should be last, Cheltenham, and Elkins Park.

Q. Did those mergers have any adverse effect on your operations?

A. No, sir.

Q. What effect, if any, did they have?

A. It helped us.

Q. In what way?

A. Every time they merged into a Philadelphia bank or a larger bank, the depositors, some of them, would always leave to go to a smaller bank where they would know the officers. Instead of dealing with a bank manager they wanted to deal with the president or vice-president of the institution.

Q. And you got depositors by that route?

[fol. 4462] A. Yes, as late as last week, when Jenkintown merged, we received a fairly nice shot in the arm from depositors that left Jenkintown because of the merger with Industrial.

Q. What effect have those mergers had on competition in the area?

A. Made it keener.

Q. When your bank first organized, when it first began operations, were there any Philadelphia banks in the area

with which you were competing, or were they all the local community banks that had been there before?

A. No. Broad Street Trust Company was at Glenside, had just merged with Northwestern at that point. That was the only one—no, I think one of the Amabler banks had merged by that time.

The rest of them were all still there.

Q. Have you ever objected to the establishment of any competitor in your area?

A. No. In fact, we have testified in one instance, the Philadelphia Saving Fund Society, coming out and opening a branch within a block of our institution. We welcomed it.

Q. What did that do for your competitive situation?

A. Our saving accounts increased in the same proportion as our commercial, even though Germantown was a block away.

Q. Have you any customers that need more accommodation [fol. 4463] in loans than your bank is large enough to afford?

A. Yes, sir, many.

Q. What has been your experience with reference to borrowers having their loans participated among two or more banks?

A. There is a resistance. They prefer it being handled at your institution and you have to do a fairly good selling job to tell them that you will handle it and follow it through continuously and protect them. They are sort of hesitant of other banks participating in their loans.

Q. Now, you have heard—

A. They know what you are going to do: they don't know what they are going to do. That is what they say; that's the language they use.

Q. Now, you have heard of this proposed merger of the Girard Trust Company and the Philadelphia National Bank?

A. Only what I read in the papers, sir.

Q. I mean, you have heard that there is such a proposal?

A. Yes.

Q. What, in your opinion, would be the effect of that merger on your bank and other banks in Philadelphia?

A. I believe it would help us.

Q. To what—



A. To some extent; not a tremendous extent, but it will help.

[fol. 4464] Q. In what areas?

A. When I say "help," I don't think it will be a tremendous help. If we gain anything from it, it will be a small amount, but it will not hurt us.

The accounts that they are serving today will not leave them to come to us because of this merger, I am sure of that. You may get a few, very few.

Q. What, in your opinion, will be the effect on the business community in Philadelphia and the Philadelphia area?

A. I think it will aid the business community, the whole Delaware Valley, in that they will be able to handle the larger requirements for loans that can not be handled in Philadelphia today, that are going to New York or other areas for accommodations.

Q. What has been your observation in that regard, Mr. Hankin?

A. Well, your larger firms do go to New York for accommodations. Personally—not as a banker, but as an individual in my business—I go to New York for additional aid beyond what I get from the correspondents or from my own banks here.

Q. What, in your opinion, would the effect of the merger be on the smaller businessman and the smaller borrower?

A. It won't affect them at all. The only thing it will do, it will help the larger accounts who can be accommodated [fol. 4465] here.

Q. What, in your opinion, effect would the merger have upon the ability of the merged bank to control deposits or loans in other banks?

A. It would have no effect at all. They couldn't control it. There is still competition, ample competition.

Q. What, in your opinion, would the effect be so far as fixing rates of interest charged or allowed by other banks?

A. It would have no effect on the rate of interest.

Q. What, in your opinion, would the power of the merged bank be to affect the performance by other banks of banking services for their customers?

A. It would have no effect upon other banks at all.

Q. What would you say as to the existing and potential

competition generally in commercial banking in the Philadelphia area if such a merged bank came into existence?

A. It would have no effect upon the competition because there are still plenty of large and smaller banks available to handle the loans, which would stimulate the competition between the banks for the loans. They wouldn't control it at all.

Q. Would you expect the competition to be greater or less as a result of the merger?

A. It would not be less; maybe more, because you know [fol. 4466] whom you are competing against and you have to go out and compete.

Q. What have you to say about the concentration of commercial banking, as to whether it would be substantially or unreasonably increased?

A. Well, I don't quite follow your question.

Q. Would the increase in concentration in commercial banking which would result from the merger have any adverse effect on either the banking activities in the community or the community generally or the customers of the banks?

A. It would have an effect in that it would attempt to keep more of the local accounts here that would be going, that have been going to larger banking areas to seek accommodations because they could service that account here.

Q. Such areas as what?

A. New York, Chicago, Boston.

Q. Could you give me any illustrations of service which can be supplied by a bank outside of Philadelphia which is not available here?

A. Yes. In my institution, I have had to go to institutions outside of Philadelphia for advice and accommodations in accounts that we were handling that no Philadelphia bank could give us help in.

One particular case I can think of is we have a distilling firm up in Schaefferstown, Pennsylvania; and in getting [fol. 4467] advice as to the handling of warehouse receipts and what procedure they used, there was no Philadelphia bank that was capable of giving us that information.

I had to go out to the First of Chicago for that, which has a department set up that handles nothing but distilled

products going into liquor. They throw liquor and oil together for some reason, but that department handles that.

Q. Have you any opinions why that kind of service is not available in Philadelphia today?

A. I would imagine because of the size of the banks, it wouldn't warrant such a setup.

Q. The First of Chicago is much larger than any bank in Philadelphia, I assume?

A. Yes, sir.

Q. Now, would you consider that the merged bank would have any effect on existing and potential competition in commerce and industry that is served by commercial banks in the Philadelphia area?

A. Again, I say it would increase the competition there and would bring in more—keep more of the accounts in the Philadelphia area here instead of it going out.

Q. Speaking generally, what would your opinion be as to the desirability or undesirability of this proposed merger? [fol. 4468] A. Oh, I think that it would help the Delaware Valley area if this merger did go through, and that it could handle the larger accounts that require accommodations beyond what the local banks presently can offer.

Q. Just to clear up one thing, Mr. Hankin, I wasn't sure whether you were speaking of the Philadelphia Saving Fund Society or the Saving Fund Society of Germantown.

A. Germantown is the one that opened up in Willow Grove, sir.

Mr. Price: Germantown?

Cross-examine.

Cross-examination.

By Mr. Reycraft:

Q. Mr. Hankin, when was your bank organized?

A. It will be ten years this April 1st.

Q. Have you, during any of that time, or has anyone representing your bank ever discussed merger with any other bank in Philadelphia?

A. We have had almost all of them now, other than the two present ones here, talk to us, calling; but we have always said "no."

Q. They all want to acquire your bank?

A. A number of the Philadelphia banks, yes.

Q. Does that include the Philadelphia National?

[fol. 4469] A. Neither one of them have approached us.

Q. Pardon me?

A. Neither one—

Q. Neither one?

A. Neither one of the two present banks here have approached us.

Q. Just the others?

A. Most of the others, I'd say; most of them.

Q. All right.

Now, you indicated that you had in mind some banking business which goes to New York. Can you tell me what particular business you had in mind?

A. Well, my personal account, sir, I go to New York for additional accommodations.

Q. For an increase of lending?

A. Line above the limitation of the bank that I bank with.

Q. What is the largest loan that your bank has had?

A. My personal or the bank?

Q. Yes.

A. We have gone up to \$2.5 million.

Q. And you went to New York for assistance on this loan?

A. Yes. We have gone to New York on that; and I said "personal" before, my personal accommodations.

Q. I don't understand that.

[fol. 4470] A. My personal accommodations. I am more than just a bank president, sir. I have other interests that I am in.

Q. You have other interests?

A. Yes.

Q. And you went to New York for those requirements?

A. For those, and also for our bank requirements.

Q. Would you tell me in a general way what the business requirements are that you had in mind?

A. In my personal ones, sir, the line was more than—I needed more than the line of the bank that I used and therefore had to go to New York for it, the Bank of New York.

Q. How much was the amount that you needed?

A. I needed a million and a half above the amount loaned to us by the Philadelphia institution.

Q. \$1.5 million above—

A. Above what my bank that I was dealing with would give us.

Q. In Philadelphia?

A. Yes.

Q. Did that amount to in excess of \$5 million?

A. No, sir.

Q. So that there would have been at least four banks in Philadelphia which could have taken care of that requirement?

A. That is correct; all four of which I do not deal with.

Q. You chose to go to New York, to a bank that you had [fol. 4471] been dealing with in the past?

A. Only because if you are dealing with one bank in Philadelphia you don't like it and they don't like it where you are participating with another Philadelphia bank. They are hesitant that your account may be picked up by the correspondent.

Q. You mean the New York bank would not like it?

A. No, no. The Philadelphia bank would not like it.

Q. Now, if I understood you correctly, any one of at least four Philadelphia banks could have handled the entire requirement that you had?

A. If they would handle the loan, yes.

Q. And they were unwilling to handle it?

A. What's that?

Q. They were unwilling to handle it?

A. If you are dealing with one bank, sir, and they are giving you their legal limit, you don't go peddling it to another bank, where you may not have a first legal limit.

In other words, banking is—

(By the Court:

Q. It just wasn't good business to go to any other Philadelphia bank, from your viewpoint?

A. That's right.

Q. Of course. That's as clear as crystal.

[fol. 4472] A. In other words, if I am in a bank, Bank A, sir, and need more money than Bank A could loan me, and if I went to Bank B and tried to get more money from Bank B in Philadelphia, most banks would say, "Now, wait



a minute, this is our competitors," and if Competitor B loaned us some money, A will say, "Well, let B take it all."

By Mr. Reycraft:

Q. Well, I may be confused, but if I understand you correctly, four banks in Philadelphia could have handled your requirements, but you chose not to go to those banks?

A. I don't—I have never done any business with those banks.

Mr. Reycraft: I think I understand you.

That's all I have.

Mr. Littleton: No questions.

By Mr. Price:

Q. Is either the Philadelphia National Bank or the Girard a correspondent of your bank? I forgot to ask you that.

A. No, sir. I have never done business with either one of them, either correspondents or personally.

Mr. Price: Thank you. That's all, thank you.

Mr. Price: Mr. Rainer.

[fol. 4473] FRANCIS J. RAINER, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Price:

Q. Mr. Rainer, what is your occupation?

A. I am a certified public accountant.

Q. Where is your office?

A. In Upper Darby, Pennsylvania, a suburb of Philadelphia.

Q. How long have you been there?

A. Since 1954.

Q. With what bank have you had dealings since you have been out there in Upper Darby?

A. When I first opened my office in Upper Darby, in 1954, I dealt primarily with the local branch of the Pennsylvania Company, and also the Upper Darby National Bank. The Upper Darby National Bank, being the bank that I knew from personal experience, I have always kept my personal account there. I primarily dealt with them in the way of negotiating loans or attempting to negotiate loans for my clients.

Q. Did you have any personal business with the bank or was it all on behalf of your clients?

A. No, it was both; small personal and mostly for my clients.

[fol. 4474] Q. Now, considering the period before the Upper Darby merged with the Girard, from 1954 when you first went there until 1958, what can you tell us about the ability of the bank to serve your needs and your client's needs?

A. Well, as my practice grew, of course, my clients grew and their needs were greater. Dealing with the Upper Darby National as the Upper Darby National at that time, it was very difficult to negotiate loans of any size for my clients, who happened to be depositors of that bank. The maximum, I think, at that time that you could deal with on an officership basis was, I think, \$10,000; I am not sure.

Anything beyond that, of course, had to go to committee or their directors and we always ran into—you would run into problems concerning the reasons for the loan, which we couldn't speak to the committee about obviously; it was merely passed on by the lending officer you were talking to. In several instances, where I thought the loan was warranted from the facts submitted, the loans were turned down.

Of course, I had to convince my client that the Upper Darby, being a small bank, his better bet would be to try to move into a bank in town.

Q. Did you go to town?

[fol. 4475] A. Oh, yes. We went in to various banks—Girard Trust or Philadelphia National or Fidelity-Philadelphia or at that time we had the Land Title. Of course, we had Central-Penn.

Q. Then what happened to the loan applications that were turned down at Upper Darby?

A. Well, in one instance it was approved by another bank for the sum of \$20,000.

Q. Did you notice any change after the merger with the Girard in 1958?

A. Exceedingly so. The fact is the change was such that it made it a possibility that we decided to influence our clients to deal with the bank because now the officers had an opportunity to pass on directly loans up to \$100,000; and consequently, from about 1958 on, we were able to present information, data, financial information to the bank and were able to obtain loans now that we thought we would not have presented to them if they were the Upper Darby National.

Q. What about the time within which action is taken on your applications for loans?

A. Well, that was one of the advantages at which time time was practically instantaneous. I mean, the officer would be able to weigh it and we would be able to hear [fol. 4476] concerning the results of the loan in about two days.

Q. What was your experience before, even if the loans were granted?

A. It took a while. We had to wait for a meeting, which usually took place once a week. We always invariably missed that meeting and sometimes you went ten days to two weeks before you heard whether they approved the loan or not; and then you never knew the reason. This was another problem.

Q. Did you have any personal loans or loans for your business, your own business, as distinguished from your clients, that were handled by the merged bank?

A. Yes. I might want to add this—in the old Upper Darby days they had a policy where they didn't grant any construction loans. This I knew because I deal with a lot of builders.

But when they merged with the Girard Trust, though they didn't service construction loans, they do grant loans for purposes of construction and recently, within the last six months or, excuse me, nine months, I negotiated a construction loan to build an office building for my practice, which they granted, and also not only did they grant the loan, but they also gave us a permanent mortgage.

In fact, I'd like to add that we had to make a decision [fol. 4477] in our firm as to whether we should stay in Upper Darby, and primarily because we knew that that particular branch of the Girard Trust was such we felt that we could be just as well off right there in Upper Darby than to move back into the City of Philadelphia because in our practice or in all accounting practices it is important to have good banking relationships, and we felt that our relationship was such that it would be better to stay where we were, which was convenient for all of our employees living in a suburban area, as we all did.

The decision to remain there was, I think, partly because of the attitude of the officers at that bank in relationship not only to our personal needs, but also in their attitude toward our clients.

Q. Before 1954 you had had an office in the central city, had you not?

A. Yes, sir. I was in the Widener Building for eight years.

Q. If the Upper Darby had not merged but had remained a small bank as it was before, would you have stayed in that community?

A. Definitely not. We would have moved back into Philadelphia.

Q. What can you say about your other relationships with [fol. 4478] smaller banks outside Philadelphia County as compared with the larger banks which you are now dealing with either by merger or directly, so far as serving your business and the business of your clients is concerned?

A. We have a fairly extensive suburban practice and one bank I have dealt with, the Bryn Mawr Trust Company in Bryn Mawr, reminds me of the old Upper Darby National.

We have had several experiences with them and the situation is such that we just bypass them now. We feel that it takes too long to negotiate a loan, it gets involved in matters in which you are not dealing with the man directly who has the authority; and by the time the needs of the client are trying to be fulfilled, why, usually, the client decides that he'd rather deal elsewhere, and so do we.

Q. Then what can you say as to the differences in the type of service as far as your customers are concerned?

rendered now by the Upper Darby National Bank as a branch of the Girard as contrasted with the services rendered as an individual bank before the merger?

A. It's a tremendous difference. It's like night and day to the extent where we feel that the best thing that ever happened to Upper Darby or the suburban area was the merger, in giving us a larger bank to deal with, allowing [fol. 4479] us to discuss larger matters.

I suppose within the last year I have negotiated loans of \$100,000 with that branch of the Upper Darby National and consequently they are my larger clients; it makes it easier for me because we are right there, practically next-door to them. It saves time going into Philadelphia and dealing with either Girard at their main office, and consequently it just makes it a very satisfactory arrangement.

Q. What about the service to your smaller clients as well?

A. Well, of course, that has been helped a great deal because if we can deal for a \$100,000, \$5,000 or \$10,000 or \$15,000 is just that much easier.

Mr. Price: Cross-examine.

Cross-examination.

By Mr. Reycraft:

Q. Are there any of your banking requirements or those of your clients which are not now adequately being met by the Girard?

A. They are being adequately met at the moment, if that's what you refer to.

Mr. Reycraft: That's all I have.

[fol. 4480] Mr. Price: That's all. Thank you, Mr. Rainer.

Mr. Price: I guess you are back on Mr. Brown again.

(Deposition of George H. Brown, Jr., resumed.)

Mr. Reycraft: We are resuming at Page 88, Your Honor.

By Mr. Reycraft:

Q. With respect to personal loan companies, do you consider your bank to be in competition with personal loan companies?



A. With personal loan companies, yes, we are in competition with them.

Q. How do your interest rates compare with those of personal loan companies?

A. Our interest rates will be generally lower.

Q. In general, what would they be?

A. Well, they are governed—ours are governed by law and we can only charge \$6 a hundred for the first \$3500 of personal loans, and the same limitation does not apply to the personal loan companies.

Q. What is the legal interest limitation that applies [fol. 4481] to personal loan companies?

A. I am not sure what that is.

Q. It is substantially higher, is it not?

A. I believe it is.

Q. Do you know the reason for this?

A. I think it's probably because the average size of the loan is smaller and perhaps requires a greater interest rate to recover costs.

Q. Isn't it true also that the type of risk which a personal loan company takes frequently is different from what your bank would take?

A. I don't know what they do.

Q. Do you have any accounts, do any personal loan companies have accounts with your bank to borrow funds to use in their business?

A. Yes, they do.

Q. Do you know how many of these accounts you have?

A. No, I do not.

Q. Are these accounts primarily local accounts?

A. I would say that our personal loan company accounts would be perhaps evenly divided between local and all over the country.

Q. All over the country? Where would you get accounts from all over the country?

[fol. 4482] A. They would come from places like Chicago, California, Texas, Boston—

Q. You don't recall how many accounts of this type you have, do you?

A. They are not large in number, but—

Q. For example, an account of this type which would

come from Chicago, are you referring to headquarters being in Chicago?

A. Yes. I am referring to the headquarters being in Chicago and I am referring to the business being in Chicago.

Q. You are not referring to a Chicago firm which does business locally in Philadelphia?

A. Some of our accounts could be on that basis, where the Chicago firm might have a local Philadelphia loan business; but this does not necessarily follow that that would be the case. We make loans to small loan companies that haven't got any business in Philadelphia or even nearby.

Q. As far as your own bank's personal loan business, is this primarily local in nature?

A. I would say within 200 to 300 miles of the bank.

Q. What percentage would you say would originate within the City of Philadelphia, for example?

A. Well, if you are talking about the City of Philadelphia and the adjacent counties, I would say that the greater [fol. 4483] part of it would be, and the adjacent states, the greater part would be in that area; not when you speak of Philadelphia as right in the center of the city.

Q. Are you referring to the four-county area?

A. Yes. I say if you would take the whole four-county area, I would say that a large part of your loans would come from within those areas; but we have many that extend beyond that.

Q. Will you describe the type of business done by the approximately dozen factoring companies which have main offices in this area?

A. The type of business that they do?

Q. Yes, sir. What is a factor?

A. A factor is a lending agency which advances funds to a business where they take security particularly in the form of accounts receivable; also sometimes on their inventories. They are secured loans and represent sometimes capital advances, which would not be secured; but their business would be largely handling the accounts receivable of a business customer.

Q. According to your application this business amounts to between \$12 million and \$15 million locally. Does that [fol. 4484] accord with your recollection?

A. This was not a conclusion which I reached and I

believe that one of our people who is familiar with our business arrived at that figure.

Q. So it is not your estimate?

A. No. I am not familiar with it personally.

Q. I understand.

Now a few minutes ago I asked you about the relative degree of risk taken by your bank on personal loans and by personal loan companies. As Executive Vice President and President of your bank for a number of years, don't you have an opinion as to the relative degree of risks taken?

A. Yes, I have an opinion. I would say that there is very little difference between the type of people that make personal loans at personal finance companies and make personal loans with our bank; and I think it's just unfortunate for those people that they don't realize that we make the kind of loans that they make at the small loan companies.

Q. You think it is a lack of information rather than the question of risk?

A. There are many factors that enter into it, but I think there is a great lack of information on the part of a personal loan borrower as to what his qualifications are for a [fol. 4485] personal loan; and he thinks because he has to walk upstairs that it must be better or something about it is more attractive than being seen in a bank.

Q. Can you tell me how you determine the service charges on your checking accounts, for example?

A. How we fix them?

Q. Yes, sir.

A. Well, we fix our service charges after analyzing our costs of handling various phases of our banking business, and for the most part try to fix a rate of service charge which will be in some relation to that cost, although in all cases we can't get our costs; and we, therefore, come as close as we can to it by fixing some dollar amount which would seem perhaps reasonable under the circumstances.

Q. Do you know approximately how much revenue was derived from checking account service charges?

A. No, I do not.

Q. Would it be as much as \$1 million?

A. Yes. Yes, it would be, if you take into account our special checking services, particularly where we sell checks

which are drawn against the account, and a minimum service charge per month.

[fol. 4486] Q. Mr. Brown, with reference to the loans which your bank makes to personal loan companies, is it a fact that these personal finance companies derive most of their funds by borrowing from commercial banks?

A. Well, that depends very much on what time you are talking about. For some time past now I think they have been getting most of their funds in the open market and through sale of additional securities. Personal finance companies borrow from you when they can't get it some place at a more favorable rate.

Q. In other words, commercial banks are a less preferred source of funds for personal finance companies?

A. Well, we are very much preferred at the right rate. We can get all we want at the right rate. There is no preference. They go where the market dictates, although I think it is a fair statement to say that personal loan companies on balance do borrow rather heavily from banks.

Q. Where they borrow, if they borrow heavily from banks, this is one reason, I suppose, why they can't lend at rates competitive with commercial banks?

A. I don't think that's a great factor, actually. The money costs us money too that we loan, so that they borrow at low interest rates ordinarily, so that—

Q. You do get it for less than they do, though, I would [fol. 4487] assume.

A. (No response.)

Q. You would have to if you were going to lend to them and make a profit, wouldn't you?

A. I think that's probably so. I think that's probably so, yes.

By Mr. Price:

Q. Mr. Brown, you mentioned the correspondent banks and the services that you rendered them, and then later on you mentioned another service.

My question now is whether there might be others that you haven't mentioned at all, in addition to those that you have described.

A. Yes, there would be other services I didn't describe.

Q. My only question was whether that was intended to

be a complete list or whether there might be others that you haven't mentioned.

A. No. There are others that I have not mentioned.

Q. Now, is this growth that you spoke of in the last ten years with reference to page 5 of the 1960 annual report, you said that you expected that type of growth to continue. Does that include growth which is represented by mergers in addition to growth that is represented either by the sale of stock, as appears in 1951, or the natural growth of an advancing enterprise?

[fol. 4488] A. No, this does include growth from mergers and it does include, as you have indicated, growth from the sale of stock in 1951, which I mentioned.

Q. Which mergers were included in this table?

A. This is the Corn Exchange National Bank merger—

Q. That was in 1951?

A. 1951. There would be the National Bank of Germantown.

Q. When was that?

A. That was 1952, I believe. There was the North Philadelphia Trust Company in 1954; there was the Ambler National Bank and the Narberth National Bank in 1957, and I believe the Upper Darby National Bank in 1958.

Q. But although those mergers did not take place every year, the graph is a relatively uniform growth between 1950 and 1960, is it not?

A. Yes, it is.

Q. Now, when you were speaking of growth which would continue after 1960, did you contemplate growth due to mergers or growth due to natural increase due to the business that the new combined bank would get?

A. I was talking about growth that would come from retention of the net earnings of the bank.

Q. But not additional mergers?

[fol. 4489] A. I was not talking of additional mergers.

Q. All right. You mentioned competition for trust business and I think there was either a question or an answer which related entirely to the five or six large central-city banks.

You have competition for trust business with other banks than those central-city banks, have you not?



A. Oh, we have competition for trust business from banks outside of this territory entirely, such as banks in New York.

Q. That's all right. You hadn't intended to limit your answer to the five or six in the central part of the city?

A. No, no. I did not.

Q. There was some reference to participations and the number. Have you informed yourself about the number of participating loans so that you would be able to be accurate about that or was that a very rough estimate of the number?

A. It was a rough estimate. I have not informed myself.

Q. In so far as the questions relating to the stipulation itself were concerned, you personally did not prepare the application, I understand?

A. I personally did not prepare the application.

Q. So that some of your answers were, of necessity, based on what somebody else either told you or put together?

A. That's correct.

[fol. 4490] By Mr. Reycraft:

Q. These banks which were acquired over the past ten years, were they within the area you claim to be your competitive area?

A. Yes, yes. They are in a competitive—they are certainly in our competitive area of our activities.

Mr. Reycraft: That's all.

The Witness: When you are speaking of the competitive area—

Mr. Reycraft: What I mean is what you claim to be your competitive area.

The Witness: If that is what you intended in asking that question, I perhaps should have answered by saying yes, these banks are in part of our competitive area.

By Mr. Reycraft:

Q. Are they within the four-county area?

A. They are within the four-county area.

Q. And they were in competition with your bank?

A. Yes. They were in competition with our bank in varying degrees.

Mr. Price: I don't think, sir, that anyone has yet said that these depositions or this deposition was taken on April 20, 1961, and I would like to have that noted on the record. [fol. 4491] If Your Honor please, I have run out of witnesses for today and I have only two more who are available or who will be available at 10 o'clock tomorrow morning. They should not take more than a half to three quarters of an hour between the two of them.

May we adjourn until tomorrow morning; and thereafter we would offer in evidence our exhibits and then close the defendant's case.

The Court: Who are the two that you might expect to be here, not holding you to their actual attendance?

Mr. Price: One of them is Mr. Graves and the other is Mr. Dilworth.

The Court: Mr. Graves?

Mr. Price: Graves.

The Court: Nos. 32 and 33. I have numbered them.

Mr. Price: The intervening ones that have not yet been called, I do not intend to call.

Mr. Littleton: If Your Honor please, I have told Mr. Reycraft today and I should like to tell Your Honor that I do not intend to call any other witnesses. If you want me to give the names of the ones I will not call—

The Court: No, no. I have them here in front of me. I [fol. 4492] have been checking off this list.

Mr. Littleton: The only possible exception to that, and I doubt if it will be necessary, is that Mr. Reycraft has asked us for certain information and we are getting it up in exhibit form. We have it almost prepared, and only if it should require someone to explain the exhibit in answer to Mr. Reycraft's request for information will I call anybody else.

So far as other witnesses are concerned, I am not calling anyone else.

The Court: You have cut this last list by better than 30 per cent and less than 40 per cent.

Mr. Littleton: I see no reason for cumulative—

The Court: Since we have all been dealing in percentiles. All right. With the offering of the exhibits, that will conclude your case, which might reasonably be expected tomorrow, then?

Mr. Littleton: Tomorrow; I should think it would be even tomorrow before noon.

Mr. Price: I would hope.

The Court: Now, wait. I have to ask you another question yet.

What rebuttal do you expect to put on?

[fol. 4493] Mr. Reycraft: I expect one witness, Your Honor, and I am trying to arrange to have him on Thursday, and I hope to finish early in the day.

Now, I can firm that up tomorrow morning, if that is agreeable.

The Court: Prof. Goodman?

Mr. Reycraft: Prof. Smith.

The Court: Then it will be only a matter of a few minutes tomorrow, and then we will recess until Thursday; is that your request?

Mr. Reycraft: I understand that Mr. Price and Mr. Littleton will be finished early tomorrow and then I would expect, as far as the Government is concerned, that we would finish early on Thursday, if that would be agreeable.

The Court: You mean you would go right on tomorrow?

Mr. Reycraft: Tomorrow is Wednesday; then I would go on the following day, without any adjournment, and I believe we could finish with Prof. Smith during the day.

The Court: You expect Prof. Smith to start testifying tomorrow?

Mr. Reycraft: On Thursday. Tomorrow is Wednesday, Your Honor, and Thursday he would start.

[fols. 4494-4495] The Court: How long would you expect him to be?

Mr. Reycraft: I would expect not long. I would hope to finish in the morning.

The Court: That means that we will have less than a half a day's session tomorrow, and less than a half a day on Thursday.

Mr. Reycraft: Yes, sir.

Mr. Littleton: That is what it sounds like.

Mr. Price: Yes, sir.

The Court: Well, it is an unusual case, so I suppose the finish of it should be equally bizarre.

Mr. Price: We may trickle out at the end.

The Court: All right. Surely, we will arrange it that way.

Are you sure that you will be able to have him here by Thursday?

Mr. Reycraft: I am quite sure, Your Honor, and I can let you know definitely tomorrow morning.

The Court: All right. Very well.

We will recess until tomorrow morning, then.

(A recess was had at 2:47 o'clock P.M. until 10:00 o'clock A.M. on Wednesday, August 2, 1961.)

[fols. 4496-4497] [File endorsement omitted]

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN  
DISTRICT OF PENNSYLVANIA

Civil Action No. 29287

[Title omitted]

TWENTY-EIGHTH DAY

Philadelphia, Pa., August 2, 1961

Before Hon. Thomas J. Clary, J.

[fol. 4498] RICHARD GRAVES, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Price:

Q. Mr. Graves, what is your present position?

A. I am executive vice-president of the Philadelphia Industrial Development Corporation.

Q. How long have you held that position?

A. It will be three years at the end of this month.

Q. What did you do before that?

A. I was in California as an industrial commercial developer.

Q. For what period of time were you in that occupation?

A. For four years.

Q. Would you mind just briefly giving us your general business experience.

A. My general business experience has been in the field of industrial commercial development in financing in California in a private capacity and here for the non-profit corporation which is the one of which I am an officer.

Before that I was for 20 years director of a professional organization that worked with cities in the field of development [fol. 4499] and redevelopment, as well as in other municipal matters, and in that capacity worked with the problems of capital financing for cities for some 20 years.

Q. Was that also in California?

A. That was in California.

Q. What is the Philadelphia Industrial Development Corporation?

A. It is a non-profit corporation set up by the joint action of the City Government of the City of Philadelphia and the Chamber of Commerce of greater Philadelphia for the purpose of attracting new industry into the city and retaining the industry which is already here and which over a period of years has unhappily been moving out of the city to the suburbs or other sections of the country, and it was this very serious declining industrial economy and the loss of some 30,000 industrial jobs over a comparatively short period of time which led the city and the business community, acting through the Chamber, to get together to create some kind of instrument that would really work at the problem of keeping the industrial base of the city intact.

We are supported as to our administrative budget by the city and by the Chamber, and there is some reimbursement [fol. 4500] also from the Commonwealth of Pennsylvania.

Q. How does it operate? Does it find places for a company to go or make thing easy for it in other directions?

A. Well, we are in a competitive situation in Philadelphia, a very difficult competition, because of the congestion of people, buildings, and streets which is characteristic of all the big cities in the country, and land costs here are higher than they are in some of the suburban areas, and there are other problems in big cities which cause some



industries to want to move out, and the only way that you can combat that effectively is to create a set of circumstances which makes the city more competitive; so that in this case, and on account of this corporation, which, if I may, Counsel, I would like to call PIDC, so I don't have to say this whole thing, the City of Philadelphia had about 1200 acres of land owned by the city which, over the years, had become surplus to its municipal requirements, and it made this land available under a statute of the Commonwealth of Pennsylvania to the redevelopment authority, and our job was to put it on the market so that we would have large areas of highly desirable industrial ground, well located in the city, that we could develop as really fine industrial parks, with all of the physical characteristics of a suburban industrial area, but actually within the City [fol. 4501] of Philadelphia.

This is one of the things that we have done, and in order to be able to meet the problems of capital financing for such a major undertaking, which is of the order of magnitude that just around the Northeast Airport there will be approximately \$100 million of industrial plants built privately, and then in the south part of the city we have another large tract, and we are negotiating to bring in a private developer there, because of the very serious problem of equity financing which exists among the small industrial companies in the city, a matter to which I would like to return.

The other thing that we do is to buy existing buildings in the city, which represent workable space for some companies which have never had space that good, even though it is an existing building, and we move them in on a rental basis, and because we are non-profit and therefore are not exposed to a tax position on our own account, we can give them a more competitive rent than they can get in the suburbs; and in the last analysis, this city will compete for industrial plant location on the basis of cost per square foot to the tenant, and we have, with some small success, at least, been able to make the city more competitive.

[fol. 4502] Q. You spoke about industries moving out of the city proper. How far out have they customarily gone? What is the competition that you have to meet?

A. The city does not have within it, up until now, a single

planned industrial park. There are 28 such industrial parks which ring the city in the seven counties which are part of this eight-county metropolitan area. Of these, not counting Philadelphia, four are in Pennsylvania and three are in New Jersey, and we therefore are in competition for industrial plant location with the seven counties which ring the County of Philadelphia and in which there are 28 organized industrial parks.

I would say, as a matter of estimate, because I have driven through these—bleeding—many times, that nine out of ten of the plants in those parks are relocated from the City of Philadelphia to its suburban area.

Q. You spoke about the metropolitan area. What do you consider the metropolitan area to be for the purposes of your testimony?

A. The standard census area, and from the standpoint of the business at which I work, which is the industrial economy of the region, it is an eight-county area, of which five are in Pennsylvania and three are in New Jersey.

Q. The three that are in New Jersey include Camden, I [fol. 4503] suppose.

A. Camden is, of course, a major industrial competitor and a very heavily populated urban area.

Q. When you are speaking about businesses, are they all large or all small or what is the general distribution of the ones that you are concerned with primarily?

A. The ones that I am concerned with primarily are almost all small. They are undercapitalized. They have very limited operating capital, and it is almost impossible for them to get a new plant in the conventional long-term money market.

Q. What is the frame of reference in which you operate with reference to the condition of the city for the future, its growth, populationwise and otherwise?

A. We are attempting working with the city and its Planning Commission and through this redevelopment process, for which Philadelphia is very well known around the country as having done an outstanding job. We are trying to work out an effective redistribution of the uses of land to reflect what will become the character of this metropolitan area, let us say, in the next 20 or 25 years, and this is reflected in the comprehensive plan of the City of Phila-

delphia which has just been published and has been widely advertised in the press and publicized.

[fol. 4504] Q. Published by whom?

A. Published by the City Planning Commission of the City of Philadelphia. The plan undertakes to project the future Philadelphia as a matter of people and business and its economic functions in relation to a region.

Well, whereas Philadelphia had in, let us say, 1900 approximately 68 or 70 per cent of the total population of the metropolitan area, of the same eight counties in 1960 it has 45 per cent of the population of the area. By 1980 it will probably have 35 per cent of the population of the area, which is by then estimated to be of the order of 6 million, of which not more than 2 million or 2¼ million would be expected to live in the city.

It is a matter of deliberate municipal policy, so far as the Planning Commission is concerned, not to try to increase the density or the population of Philadelphia but maybe even reduce it some more to give more open space and more room.

Industrially there is no doubt about the fact that the region around us will get the great concentrations of new industry, as well as the city, and the result of this is that the central city will have more important functions to perform for the region than just the manufacture of goods, and among these, relevant to this matter, is that the primary [fol. 4505] function of the center city of every great metropolitan area is banking and finance as a service to the entire region. This is an accepted fact, and it is also demonstrated in the growth of each metropolitan area, just as it is true that notwithstanding the trend of some companies to relocate administrative offices in the suburbs, the great center city region will still be the primary office area, general office area. It will be the data processing center. It will be the home office of life insurance companies. And in this specialized sense of what a big city does for the greater metropolitan area around it, Philadelphia will be necessarily and properly the banking and financial headquarters office building center for a region of some 6 million people by 1980.

Q. Can the city itself be considered apart from the general metropolitan area as a separate, distinct unit?

A: In the economic sense that is impossible.

Q. What about the city and the three immediately adjacent counties? Is that a reasonable or rational unit in itself?

A. The three adjacent counties?

Q. The city and the three counties around it.

A. No, no, no. A region is the area of integration of an economy, in my lexicon. I am not a sociologist, so he will have another definition, but it is the area in which the [fol. 4506] market works for labor, for raw materials, for the transportation center, as a matter of labor supply. It is all these things, and it defines itself. It is what is essentially urban, around a greater center, and the center of it, and one of the things which sets the pole around which you draw the region is the core city as a center, as I have said, for finance and these other activities, so I would say that the region must be considered without reference to state lines, without reference to county lines. It is certainly apparent that the New York metropolitan area is not the boroughs.

Q. When you speak of the metropolitan area here, you speak of these eight counties?

A. I am speaking of the eight urban counties of which Philadelphia is the economic heart.

Q. And the three in New Jersey are Gloucester, Burlington, and Camden, and in Pennsylvania they were—

A. Bucks, Montgomery, Chester, Delaware, and Philadelphia.

Q. Where in your opinion do the banks fit into this picture?

A. Well, the commercial banks are as much a part of the day-to-day operation of any business or industry as its raw materials and its labor supply. The use of commercial [fol. 4507] credit, the availability of commercial credit, is a day-to-day and continuing relationship between the business and its bank. It is indispensable to the conduct of the enterprise.

Q. How does banking or banking facilities affect the operations in which you are engaged, with reference to the businesses that you are dealing with in and around the city now?

A. Well, the availability of commercial banking facilities,

as it affects the business that I am in, in this industrial development corporation sense, we deal primarily with small companies. The great giants of industry don't have to come to us. They come to a community, but they don't have to come through us. It is the smaller companies that we work with, and I suppose almost everything we have done, with one or two exceptions, has been for a small company. This gets down to how to piece out a way of financing a plant or a building for a plant without impairing the commercial credit of this company to the point where it can no longer operate; and to illustrate the point, we do not have any capital funds in the corporation. Every transaction we do for any company, large or small, is done on the basis of that piece of real estate as an asset secured and a lien for the loan, and we therefore have to [fol. 4508] piece out how to buy that building without any money, and we are doing this for a small company with very limited net worth.

Now, what we manage to do is to get either a long-term lender, like an insurance company, or a private real estate investor, who will buy a first mortgage, to take maybe a 50 per cent mortgage, based primarily on the real estate and the earning record of the company, rather than its net worth, and then we get as much money as we can from the company without jeopardizing its operating capital, and what we have done repeatedly is to go to its commercial bank and we borrow money from seven to ten years to round out the equity position from this commercial bank. It is secured, after all, by the company with which we are dealing, as a guarantee, but we have to go to a bank and do it under circumstances where it does not dry up their line of commercial credit, if you see what I am trying to say. This is, after all, an obligation of the company, so we have a commercial bank in everyone of our transactions, as a practical matter.

Q. You said you were dealing primarily with small companies. For that purpose do you need small banks, or large banks?

A. Well, I will answer the question by saying that we [fol. 4509] have always had more success in getting what we need for a small company when it is a depositor in comparatively one of our larger banks, and I think the



reason for that is that there is an element of risk here, not beyond what might be a prudent loan, but up to the limit of it, which a big bank perhaps can undertake and a very small bank might feel it should not.

Q. What have you found with reference to the lending limit of a bank as to the limit of the loans you can expect to get from it?

A. Oh, in the sense of going into a bank and asking for a loan which would be its lending limit, I don't bat in that league. I mean I just don't ask for loans in that order of magnitude, but I would say that I don't think this is the criterion. It is rather, from my standpoint, a matter of a bank with enough of a lending capacity that the things that we need from it are so well within it that it still has the lending capacity to take care of its big accounts while I am in there getting money for smaller companies.

Q. Have you any experience with companies that may have started smaller and have been growing and have been cut off by a bank before they reached the lending limit of the particular bank?

[fol. 4510] A. If I could name them without embarrassing counsel, I could name you a lot of them in Philadelphia where that is exactly the situation.

Q. Is that a frequent occurrence, in your observation, or a very, very infrequent occurrence?

A. I think it very often occurs in a company that is growing faster than it can accumulate a capital structure. It happens often in those companies. It doesn't happen often in relation to the whole volume of business we do, but when a company is growing very fast, it has to put back everything it earns into operating capital, and it outgrows its capital, and pretty soon it outgrows its line of credit at its bank, and then it has to do something else, and it either goes to a bigger bank, where it can make a deal like this, or, unhappily, it goes to a factor.

Q. Does that happen before it reaches the official legal lending limit of the bank, that it has to go to a factor?

A. That wouldn't be involved directly. The legal lending limit of the bank would not be involved for one of these companies. Where I get concerned about the legal limit of the banks in Philadelphia is the effort we are making to attract big national industry here.

Q. Well, I will come to that in a moment, but in these companies that you spoke about that are growing—

[fol. 4511] A. Not beyond the lending limits of their banks. Beyond their credit at the banks where they have been doing business. If they are small banks, they can go that far with this company. No one loan involves the lending capacity of the bank, but they are cut off because they begin to use up or require a line of commercial credit which this bank cannot handle in relation to the total demands for money.

Q. Then what do you find about larger banks willing to accept that kind of risk?

A. The larger banks are much better able to handle this kind of company, because of the fact that its capital requirements do not weigh so heavily in the scales against its lending capacity.

Q. With regard to the larger companies you spoke about, is that the group you are speaking about for the Northeast development?

A. Yes. We need to attract big industries which are in the fields where we have been losing industries. There are a great many people who are skilled in metal working in Philadelphia, which has been a declining industry, and we are making a very conscious and deliberate effort to get some of the big metal working companies back into the Philadelphia area. These would be large companies, and [fol. 4512] their capital requirements would be wholly different from the kind of company I have been talking about.

Q. What can you say about the size of the Philadelphia banks with reference to their capacity to serve adequately the kind of companies you are trying to bring into the city or into the Northeast, for example?

A. It would be my judgment that these companies would be very probably banking in New York and Chicago, because of the fact that the banks here are not big enough for the purpose.

Q. You have heard, no doubt, of the proposed merger of the Philadelphia National Bank and the Girard Trust Company?

A. I have, indeed.

Q. What is your opinion about that merger, with particu-

lar reference to the business needs of the City of Philadelphia?

A. I have no doubt at all that this merger is in the best interest of the economy of this city and its industrial potential and its industrial future growth.

Q. And would a bank of that size be of any assistance to you in this development you are engaged in now?

A. Yes, it would, in a variety of ways.

Q. How?

[fol. 4513] A. Well, for example, we would have a bank big enough—let me illustrate.

I went after a \$45 million aluminum plant to relocate it in Philadelphia. I couldn't say, in all honesty, that the reason I didn't get the plant was because there wasn't a big enough bank in Philadelphia. It was a factor. I can't honestly say it was the single deciding factor. It was a factor, and it is always a factor. I don't know that it would be determinative in any situation, because if somebody wanted to come to Philadelphia, they could, I suppose, do their big banking in New York, but it is always a factor, just like all the other things which you put together—a big bank, an adequate labor supply, adequate this, and so on. I mean it is just one of the determining factors, and I don't think we can get big industry in Philadelphia without a big bank.

Q. Have you seen any detrimental effect of the absence of a bank as large as this proposed merged bank would be?

A. I couldn't say that I have yet. I have the feeling, however, that the size of a bank or banks should reflect the growth of an area, and as this area grows, I would guess [fol. 4514] it will need bigger and bigger banks, as it seems to me it needs this one now. In the work we do we could use a bank as big as this merger to help us attract big industry to Philadelphia. I don't think you can do it the other way around. I don't think you can get the big industries and then get the banks, any more than you can get the industries and get a labor supply.

Q. What can you say about the possible use of two or three banks instead of one to supply the needs of a large company?

A. You mean on a participating loan basis?

Q. Participating loan or one form or another.

A. I don't think it works. It is at best an inadequate substitute, a very awkward way of achieving what could be achieved if you had one bank big enough to handle it. This is not the same thing at all, to say to an industry that in order to get the size loan it needs it has to deal with three or four banks and in that sense obligate itself for its deposits in three or four different banks and do a whole series of uneconomic things and undesirable things from the standpoint of the company in order to overcome a deficiency that would be corrected by an adequate bank in the first place; and I don't presume to speak for the banks, but I very much doubt if they are in a business where they [fol. 4515] could justify continued participation in loans without deposits for compensating balances.

[fol. 4516] Q. And what has your experience been with companies in regard to their preference in that line?

A. I am sorry, I didn't hear that, sir.

Q. What has been your experience with companies and the practices which they have exhibited in that direction? Are they willing to do this?

A. No.

Q. Or are they unwilling to do it or what is their position?

A. No, I have tried this several times.

Q. What has your experience been?

A. Uniformly unsatisfactory from both the standpoint of the company that is unwilling to dilute its position by spreading it around among three or four banks, and the banks themselves that do not like participations, and particularly can hardly justify them to use up their lending capacity for companies which may not be depositors in their bank. It doesn't work.

Q. What have companies done that you have observed yourself in Philadelphia?

A. May I add to the record that they do it sometimes?

Q. Yes.

A. Like, for example, Penn Center. There was a participation among the banks, but this was a matter of civic commitment, of civic responsibility.

There a lot of the banks were in the Penn Center Development [fol. 4517] but I wouldn't say that was typical of a business attitude. I think it's like the participation of the

long-term lenders in the Dock Street situation, which wasn't a commercial-bank loan, but the loan couldn't have been made without the civic feeling of the long-term lenders.

I think we are going to run into the same thing when we try to move the meat industry into the Food Center out of Callowhill.

These are both civic participations of both the commercial banks and the long-term lenders, but in the normal conduct of their business I don't think it works.

Q. Now, you spoke about the businesses that you want to bring to Philadelphia requiring banking accommodations from sources larger than an \$8-million bank. Would a \$15-million bank be adequate for the purposes that you have in mind? I am speaking of—

A. I have already answered the question that I have never gone into a bank and asked for a loan which represented the limit of its lending capacity.

Q. When I am speaking of that, I am merely using that term as descriptive of a bank of that size, with the resources that are represented by such a lending limit.

A. I think a \$15-million bank at this time would put Philadelphia in a much better competitive position in the banking aspects of the industrial economy that I am en-[fol. 4518] gaged in. \$15 million would seem to be adequate for anything that I visualize at the time.

I would not say that if this region, when it grows to six million and has a strong industrial base made up of big industrial companies, that it might not need a bigger bank or banks, which is what it really ought to be—banks.

Mr. Price: Cross-examine.

Cross-examination.

By Mr. Reycraft:

Q. Mr. Graves, you referred to the small companies that you through your corporation have assisted. Can you tell me, sir, what the largest loan has been that any of those companies has required?

A. From a commercial bank, \$3 million—\$3.5 million would be about the largest commercial bank loan I have made for a single company.



Q. Was that a straight commercial loan or a commercial term loan?

A. It was a term commercial loan. It was a 7 year term. It was a commercial loan based on a note.

Q. And it was not a mortgage loan?

A. No, it was not a mortgage loan.

Q. Did you find with respect to any of these loans that you have sought for these companies that they were beyond [fol. 4519] the lending limits of Philadelphia banks?

A. Beyond the lending limits?

Q. Yes, sir.

A. No. I have already said that I have never asked for a loan which was beyond the lending limit; but that I have asked for loans which are beyond what the bank would be willing to loan this company in relation to its over-all lending capacity, yes.

I have been in a small bank, sir, where it has a very limited lending capacity and where the amount of money that we were asking for on this kind of a loan basis represented to that bank a large loan.

Q. Can you tell me the amount of that particular loan that you are referring to?

A. Yes. That one was of the order of \$300,000.

Q. Yes.

Now, I assume that you are aware that either the Girard or the Philadelphia National could take care of that loan within their lending limits?

A. As a matter of fact, one of them did.

Q. You referred to the fact that some of these companies unhappily go to factors.

Can you tell me why you referred to it in that manner? [fol. 4520] A. Yes. I don't like the interest rates.

Q. Do you think factors have too high interest rates?

A. I think they are pretty high.

Q. Do you think that they are reasonable alternatives to commercial banks for financing?

A. I don't think they could be compared, sir; they are in different fields.

Q. Now, can you tell me to what geographic areas you feel Philadelphia is losing business of the type you described?

A. Would you repeat that?

Q. Yes, sir.

Could you tell me to what geographic areas Philadelphia is losing business of the type which you have testified about?

A. Primarily to the South.

Q. What areas of the South do you have in mind?

A. I have in mind that these are branch plants of national companies and they—

Q. In your opinion, what is the most important thing—

The Court: Just a moment. Just a moment.

Had you finished?

The Witness: I had not, sir.

Mr. Reycraft: Please finish.

[fol. 4521] The Court: Read the question and let Mr. Graves finish.

(The question was repeated by the reporter as follows:

"Q. What areas of the South do you have in mind?")

The Witness: I started to answer by saying that these are branch plants from companies located in Chicago or in Pittsburgh or in Philadelphia and that they have these branch plant locations and they go south or they go into the Middle West, in the secondary areas which are developing, or into the Far West.

The main plant, when we lose it, we lose it to Chicago or its environs. We don't lose them to New York. I have never lost anything to New York.

I have lost a major plant to New Jersey, up around Jersey City, the Newark-Jersey City area; and we have lost a good many of them to California.

By Mr. Reycraft:

Q. Are you finished your answer?

A. Yes.

Q. What, in your opinion, is the most important single factor for losing these plants?

A. I'd say the most important single factor is the change in the general regional market that that company operates in and they go to a new market, they go to the center of a [fol. 4522] new market.

Q. In other words, these other areas of the country are

increasing their economic growth and therefore the plants are located there?

A. Yes.

Mr. Price: I couldn't hear what you said, Mr. Reycraft.

(The pending question was repeated by the reporter.)

The Witness: And I was about to go on to say that it is this kind of a competitive situation which requires us to do what is necessary to sustain and augment the growth in this region.

Mr. Reycraft: Certainly.

By Mr. Reycraft:

Q. Are taxes an important factor in the relocation or the location of plants?

A. Not significant.

Q. How about labor supply?

A. Very significant, depending on the operation.

Q. To your knowledge, has any plant ever failed to locate in Philadelphia because of the availability or lack of availability of commercial banking facilities?

[fol: 4523] A. As a single factor, no. As one of a number of factors, I would be inclined to say I have had one such experience since I came here where, as to the \$45 million plant that would have employed upwards of 3500 people chose another area.

Q. Is that particular plant or the name of the company involved public or is that confidential?

A. I'm sorry, I just can't use it.

Q. You prefer not to use it?

A. I just can't use it; no, sir.

Q. Was it stated to you by any representative of the company that banking was a principal factor in their failure to locate the plant here?

The Court: Read that question back.

(The pending question was repeated by the reporter.)

The Court: I think he has answered that three times already.

The Witness: Thank you, Your Honor; I have.

By Mr. Reycraft:

Q. Do you know of any plant that left the Philadelphia area because of the inadequacy of commercial banking facilities?

A. As a single factor, no. No, I want to change that answer and say "no"; but if I may—

[fol. 4524] May I just comment in another word?

Q. Yes, sir. Go right ahead.

A. I have tried to make it clear that it is not so much what has happened as what must happen from here on that is the reason for my interest in this matter. I am not trying to say that what has happened in the past is the reason that I am here, but what must happen in the future; and that in this city and in this region, if it is to compete economically with the other great concentrations of people and industry, it must match them, and I would suggest, although I am not a banker and therefore I don't know, that it would be relevant to find out what size banks metropolitan areas of this size, with this volume of economic activity, have.

Do we have a bank as big as most of the areas like us have? I wish I knew the answer to that; I don't know the answer to that.

The Court: They have been trying to give it to me and I think they have.

Mr. Reycraft: That's all.

Redirect Examination.

By Mr. Price:

Q. But whatever size they say, do you consider that the size in Philadelphia is adequate?

A. No, not for what the economy of this area requires in the immediate future; no, sir.

[fol. 4525] Mr. Price: Thank you.

Mr. Price: Mr. Dilworth.

RICHARDSON DILWORTH, having been duly sworn, was examined and testified as follows:

Direct examination.

By Mr. Price:

Q. Mr. Dilworth, you are a member of the Bar and also the Mayor of the City of Philadelphia?

A. Yes, sir.

Q. And have been for how long?

A. Five and a half years; it seems longer.

Q. Prior to that, what was your official connection with the City Government?

A. I was District Attorney, and before that Treasurer.

Q. So that over what period of time have you been closely associated with and familiar with the operations of the City Government?

A. Since 1950.

Q. Mr. Dilworth, you heard Mr. Graves testify, and you know that there is a proposed merger between the Philadelphia National Bank and the Girard Trust Company. I [fol. 4526] would like to ask your opinion as Chief Magistrate of the City as to the desirability of that merger; giving such reasons as you care to.

A. Well, there is no doubt in my mind about the desirability, and I think for a number of general reasons.

First, something that we continuously bump into when we are seeking new business and we are seeking any form of patronage for this city is that despite the fact that we are the nation's fourth largest city, the fourth largest urban area, there is the constant hint that we are under the shadow of New York City, that we haven't developed various facilities like banking and other things the way we should; and if anyone comes in here we don't have the kind of things in the field of banking and some other related fields of that kind that an area of this size, the fourth largest city and the fourth largest urban area in the United States, should have.

Now, in this city the Mayor's Office is a very sensitive office in the sense that we do, on nearly every question, get very direct reactions from the business community and other parts of the community. In connection with this



particular merger, both large and small business, all the civic organizations, everybody that has contacted our office [fol. 4527] has been very strongly in favor of it as one of the essentials to the development of this whole area; and we just don't quite understand why Washington wants to keep the Philadelphia area in short pants.

Q. What is your opinion as to the need of a bank of that size with reference to both small as well as large business? What benefits will it yield to small businesses who don't need to borrow as much as \$5. million or \$6 million?

A. Well, only in a general way can I answer that. We do get the general feeling—I haven't conducted direct negotiations myself, but sometimes the Mayor's Office can be of some help with an industry and I do get the general feeling that larger businesses are a little hesitant because they don't like the idea that if their banking needs can not be taken care of here they would then probably have to go for the balance of their needs to New York because they would be at the bottom of the ladder in New York in having their needs taken care of by New York banks.

One of the reasons that my own native area of Pittsburgh, I think, has had a great deal of success (I still go out there a good deal) is the fact that they do have the kind of banking facilities there that can take care of most any kind of a situation without having to go to New York or Chicago or any place else.

[fol. 4528] Q. Have you had an opportunity to observe the flow of banking connections to New York from Philadelphia companies or companies that have their central offices here, the large businesses conducted here?

A. Well, for example, we are working very hard on the port. As you know, we have an enormous mass tonnage of things like oil, coal, sugar, that come into the port; but we are still somewhat short of cargo.

One big exporting and importing firm that was in the office the other day, that has been working and cooperating with us on doing this, told me to my surprise that they dealt with the First National Bank of Boston because that bank was large enough to have the kind of foreign service that none of our banks have as yet been able to develop.

I think that is going to be tremendously important to us

in the development of our port, to have a bank that is big enough to give these companies that we are seeking to get in this area, that do a lot of import and export business, to give them the kind of service they need in other countries as well as right here, and to have the kind of foreign-exchange and foreign-lending service that banks the size that this merged bank would be able to furnish.

[fol. 4529] Q. What can you say of the plans of the city for its future growth and improvement which might produce need for larger banking accommodations than we can afford now?

A. Well, I would say that since World War II for the first time really this whole area has determined (this whole eight-county area, five counties on this side of the river and three in New Jersey) to make itself a self-sufficient area, to free itself from any New York domination, to assert itself as the fourth largest area. I think that that means that in every field (and I think one of the key fields is banking) we have got to be in a position to match other urban areas of a corresponding size and we can't come anywhere near doing that today, at least from what I hear generally and from the general discussion, and I think that that is the case.

I know that it was brought home to me a number of years ago when I was practicing law, that a large firm that came here was a good many years moving its final headquarters here because it couldn't get all the banking services that it needed here, and it kept its headquarters in Chicago because it was doing the major part of its banking business in Chicago.

I think we bump into that.

Q. Can you recall any other instances where the banking [fol. 4530] business of Philadelphia companies is conducted outside the city because of the inadequacy of the banking accommodations offered by the Philadelphia banks, either in New York—

A. Not so much specific as the general impression that you get; and the general impression that you get—for instance, Graves and others organize luncheons at which we talk to industries that come in, and one of the things that you do hear discussed (I don't think there is any ques-

tion about it) is this question of overshadowing by New York, and that this has kept our banks down.

I believe I am correct that we are the fourth largest city, fourth largest urban area, and yet our biggest bank is only the nineteenth largest bank, and that we don't have any bank at present that comes anywhere near what the New York area, the Los Angeles area, the Chicago area, or even the Detroit area can offer. That is my understanding.

Q. What can you say as to the advantage of the city as a political unit from having a bank the size of this proposed merged bank?

A. I think it would be a tremendous help because, as I say, I think since the war this whole eight-county area has really gotten together for the first time. For example, we are having, for the first time, we have set up now, a sort of inter-governmental unit where the elected officials of the [fol. 4531] eight counties are going to meet regularly and discuss our problems regularly.

We joined in an extensive and thorough survey of our transportation needs of every kind in this eight-county area, with the Federal Government, the state, and each of the eight counties putting up a part of the cost.

We have just entered into an agreement with all the five counties, including our own, on the Pennsylvania side of the river to try to work out a joint transportation problem, and I think we are becoming increasingly aware that we are one physical unit and that we need far greater facilities in many fields than we have had, and that we are all determined to work together to get those; certainly the banking should be conducted from the heart of the area, which is Philadelphia.

Q. Do you consider that this metropolitan area of eight counties is a unit which must be considered together, all the counties together as a unit, in terms of business activity?

A. All you have got to do is go up in the air and take a look down on it and you realize that it is one physical unit, and that what helps or hurts one part of it helps or hurts every other part of it.

Q. You mentioned the contacts that you have had with [fol. 4532] people in general and the comments that you have received about this particular proposed merger.

Did you have any adverse comments from any source?

A. No, sir. I said that this is, I think, the one single thing in the past year on which there have been absolutely no adverse comments.

Mr. Price: Cross-examine.

Cross-examination.

By Mr. Reycraft:

Q. Mayor, do you know how much New York banks lend to cities other than Philadelphia?

A. No, sir. I wouldn't know that.

Q. For example, let me show you Defendants' Exhibit No. 1, and refer in particular to Footnote No. 3 on Page 65.

A. Yes, sir. I think that is a bad situation.

Could I say this? I happen to be fortunately in—unfortunately the beneficiary of a small trust in New York City in one of their largest banks, and it is a very unpleasant experience. You go over there and you are obviously a foreigner. They have very little interest in you; you are just a poor relation from Philadelphia.

Q. Now, the record shows that Chicago has two banks bigger than the existing Philadelphia banks and bigger [fol. 4533] even than the proposed merged bank.

Would it surprise you to know that New York banks lend more to Chicago business than they do to Philadelphia at the present time?

A. I just wouldn't be familiar enough with the business community to comment on that.

The Court: Read that question and answer back.

(The testimony was repeated by the reporter as directed.)

The Witness: In other words, the nature of business in Chicago, how much of it is dominated from New York. New York is certainly the corporate headquarters of the nation, in effect.

So, I imagine that General Motors—well, not General Motors, but some of the big steel companies, like United States Steel, which have tremendous plants around there, may do their borrowing from New York and they can do

it very handily because, after all, that is where their headquarters are, so they are not treated like poor relations.

By Mr. Reycraft:

Q. But despite the fact that Chicago has bigger banks than Philadelphia, these national companies still borrow [fol. 4534] from New York?

A. Well, my guess is that something like United States Steel Corporation, with its headquarters in New York, naturally can do very nice business in New York, which would include loans to the Chicago end of their business.

Q. So that you are not familiar with the borrowing which companies in other cities which may have banks bigger than Philadelphia do with New York generally?

A. No, that I am not.

Mr. Reycraft: That's all I have.

Mr. Price: I assume there is some basis for Mr. Reycraft's suggestion that the New York banks do lend more to Chicago. I would like to have it.

Mr. Reycraft: Yes, sir. It is in your first exhibit.

Mr. Price: I couldn't find it in that exhibit, and that is why I am asking.

Mr. Reycraft: Page 65, at the bottom of the page, Table No. 2, and the paragraph that says; "New York Bank Loans to Non-Local Borrowers."

It indicates that New York banks lend more to business in Chicago, Houston, Detroit, Dallas, and I believe, Los Angeles, than they do to Philadelphia; and I think all but at least Houston have bigger banks than Philadelphia.

[fol. 4535] Mr. Price: I just ask to have it noted in the record that that refers to one day, six years ago, October 5, 1955, and the reference is to the Federal Reserve Districts, and it does not show—

Mr. Reycraft: It is to the cities.

Mr. Price: It does not show the facts on which Mr. Reycraft's question was premised.

Mr. Reycraft: The exhibit speaks for itself and it does show those figures.



By the Court:

Q. May I ask you a question before you go? It has nothing to do with this case.

I will show you a letter I received from the Administrative Office on a matter that you and I traveled to Washington on and saw the head of the GSA involving a new court building.

Did you know that?

A. Yes, sir. To our very pleased surprise we understand they are going to spend \$42 million.

The Court: That merely notified us that the Committees of Congress, pursuant to statute, have approved a new prospectus for a Federal Building on the Mall, which will contain court facilities.

Thank you, Mr. Mayor.

[fol. 4536] The Witness: Thank you, Judge Clary.

The Court: We will take a ten-minute recess.

(A recess was had.)

Mr. von Starck: If it please the Court, there were several questions during Mr. Potts' testimony that were left unanswered, and by agreement with Mr. Reyecraft we will put them in now with Your Honor's permission.

The first question that had been asked is the dollar value of check clearances by some period of time, week, month, or other, showing the volume of clearances out of state as contrasted with the four-county area.

The banks could not work that up with respect to the four-county area without thousands of hours of work, so we have here an exhibit which shows clearances of checks drawn on Philadelphia banks, banks in the Third Federal Reserve District, other banks throughout the country, and Philadelphia National Bank; and that is for an average day.

Mr. Reyecraft: That is satisfactory for our purposes.

Mr. von Starck: I would ask that that be marked as our Exhibit D-70.

(Document headed "Volume of Check Clearances" was [fol. 4537] marked Exhibit D-70 for identification.)

Mr. von Starck: The second one is the amount of a loan of McCloskey & Company in or around 1954 by the eight Philadelphia banks who had pooled loan limits in 1954.

That was \$15 million.

Mr. Deasy testified to the third question.

Mr. Reycraft: I understand that as to the third, that is the total borrowing requirement of the first of five companies listed in the letter dated 12-22-1960 to Mr. Bicks; that Mr. Deasy is the one that you have in mind?

Mr. von Starck: That is correct.

Mr. Reycraft: All right.

Mr. von Starck: Then the names of the persons who made the statement cited in response to Question 7 in the letter to Mr. Bicks of December 22nd.

That was Mr. Potts, Mr. McDowell, and Mr. Brown.

Does Paragraph 2 of Page 9 of G-57 refer to all cash on deposit with commercial banks or all cash?

That refers to all cash on deposit with commercial banks, including demand deposits.

Then, finally, were any of the 115 loan participations given by Philadelphia National Bank in the year of 1959 given because the amount of loan was in excess of PNB's lending limit?

[fol. 4538] The answer is "no."

Mr. Reycraft: All right.

Mr. von Starck: All right.

#### OFFERS IN EVIDENCE

Mr. Littleton: If Your Honor please, may we offer in evidence at this time all of the exhibits which have been marked for identification on behalf of the defendants, beginning with D-1 and including down to D-70, with the exception of D-4, D-5, and D-28?

(Exhibits D-1 to D-70, inclusive, with the exception of D-4, D-5, and D-28 offered in evidence.)

The Court: You are not offering D-4, which is what?

Mr. Littleton: D-4 is the Sienkiewicz study, made by John Sienkiewicz.

The Court: All right.

Mr. Littleton: D-5 is the Joint State Government Commission Report on Branch Banking.

The Court: Yes.

Mr. Littleton: We are not offering that.

D-28 is the booklet on industrial-plant-location data, Philadelphia, 1957, which is not offered.

The Court: No.

Are there objections on the part of the Government to any of the exhibits offered?

[fol. 4539] Mr. Reycraft: Not many; no, sir.

As to D-7, I may say that cross-examination brought out certain inaccuracies in the exhibit, but subject to that explanation which is in the record I have no objection to the exhibit.

With reference to D-41, I object to that exhibit on the ground that it is a summation of Mr. McDowell's opinion, that it was prepared for him by some other person, and that his opinion was fully testified to here in court, and that the exhibit itself has no independent probative value.

Mr. von Starck: Mr. McDowell testified that it fully reflected his concept of the functions of the banks and the market area.

I think what Mr. Reycraft has reference to is the fact that it was originally drafted or parts of it were originally drafted and presented to him, but he said that he went over it and adopted it.

Mr. Reycraft: His testimony is in the record.

The Court: I will admit it because you cross-examined him. I am going to admit it. I will overrule your objection.

(Exhibit D-41 received in evidence.)

Mr. Reycraft: All right.

[fol. 4540] With reference to D-43, I believe the testimony indicated that there are assumptions involved in this exhibit which are not included in the exhibit and I believe the testimony of the witness should speak for itself.

The Court: It will speak for itself in conjunction with the exhibit because you can't understand the testimony unless you admit the exhibit.

I am going to admit it.

(Exhibit D-43 received in evidence.)

[fol. 4541] Mr. Reycraft: D-45 is a memorandum from Mr. Carter, of the First Camden Bank. I haven't received

a copy of that memorandum, although I did examine it at the time. I should say it is no fault of Mr. Littleton or Mr. Price that I don't have it, but I object to it because Mr. Carter's testimony was given here, and that is the best evidence of his opinion, not a memorandum he wrote for his own files, an internal memorandum. It is not a letter which the defendants received, and I object to it.

The Court: Isn't that the same sort of memorandum you offered, where Mr. Mason wrote a memorandum for his own file, and I accepted it on your side; with reference to a conversation had with the officers of the bank.

Mr. Reycraft: There was a memorandum which Mr. Jennings wrote, which I offered for the purpose of showing a conversation which took place in 1953, and also for the purpose of refreshing his recollection when he testified; but this memorandum from Mr. Carter is a memorandum setting forth an opinion which I don't think is relevant.

The Court: My recollection is—and I can be wrong about [fol. 4542] it, Mr. Reycraft—that you did ask him a question or two with that in front of him.

Mr. Reycraft: That is correct.

The Court: You having opened it, it is now admissible, so I will admit it.

(Exhibit D-45 admitted in evidence.)

Mr. Reycraft: With reference to D-49, while we have no objection to it, I might point out that I believe Mr. Littleton and Mr. Price objected to the same exhibit when we offered it, and I don't know what the ground was. We have no objection to it.

The Court: All right.

(Exhibit D-49 admitted in evidence.)

Mr. Reycraft: With reference to D-57, the column under Consumer Installment Loans, the total of \$52,200 we cannot reconcile with other information which the Girard gave to us, but if that can be checked, I would have no objection to the exhibit.

The Court: What do your figures show?

Mr. Reycraft: \$57,624. I don't think it is enough to make any important difference, but I think—

The Court: It is a ten-per cent difference, and that is made on analysis of samples.

[fol. 4543] Mr. Reyecraft: Yes, sir. That may be the explanation for the difference.

The Court: Well, since it is under the ten thousand and it is a sampling, I don't think it makes that much difference.

Mr. Reyecraft: I just wanted to comment on it.

The Court: But I have noted on the exhibit that I will retain that your number was \$57,624. I don't think it makes an appreciable difference, but I have noted it anyway.

(Discussion among counsel.)

Mr. Reyecraft: I think rather than take Your Honor's time, that we might discuss it with counsel and see if we can reconcile the difference.

Mr. Price: We might have it by tomorrow.

Mr. Reyecraft: I believe there is also a question as to Government's Exhibit 229, which was withdrawn on the condition that sometime during their case the defendants would supply the lending limits for the new bank.

Are those in any of your exhibits?

The Court: The lending limits for what?

Mr. Reyecraft: Lending limits for the new proposed [fol. 4544] bank, the lending authority of the officers.

The Court: That is somewhere in here.

Mr. Reyecraft: For the existing banks, but I am not sure it is as to the new bank.

(Discussion among counsel.)

Mr. Reyecraft: No one knows yet what the lending authority will be.

The Court: No decision has been made. All right.

Mr. Reyecraft: We have no other objections.

Mr. Littleton: If Your Honor please, on behalf of the Philadelphia National Bank, we rest.

Mr. Price: On behalf of the Girard Trust Corn Exchange Bank, we rest.

(The defendants rested.)

Mr. Reyecraft: As I indicated yesterday, Your Honor, we do have one witness in the morning who will not take more than the morning.



The Court: Professor Smith?

Mr. Reycraft: Yes, sir.

The Court: All right. I think, gentlemen, I would like to see all counsel in chambers. Since this case undoubtedly will close tomorrow morning, I think we have to set up a time schedule for the future, and I think we could probably [fol. 4545] do it in a more relaxed atmosphere if we meet in chambers say ten minutes from now.

(The following took place in chambers:)

The Court: When the testimony is closed and both sides have rested, where do we go from there?

Mr. Reycraft: We have a suggested schedule, Your Honor, which I might show to you. We have discussed it among ourselves, and I believe I can say it is agreeable to all of us, if it meets with Your Honor's approval (handing to the Court).

The Court: Are you gentlemen satisfied with this?

Mr. Littleton: Yes. Mr. Reycraft felt that they would like to have a couple of weeks vacation and then four weeks to do their requests, and then, as I understand it, two weeks after their requests, their brief, and at the same time our requests on the same date as their brief. Is that correct?

Mr. Reycraft: Yes.

Mr. Littleton: And our brief two weeks after that, and then if they want to file a reply brief, one week after our brief.

The only suggestion we made to Mr. Reycraft was that [fol. 4546] within a week or two after the closing of the testimony we ought to have a statement from them as to their theory of the case, a statement from the Government as to the theory of their case, because that is something we ordinarily would have gotten in pretrial, and we think it is essential, because we can be doing a great deal of work on this even when we haven't the Government's requests before us.

Mr. Reycraft: This won't be a brief, but it will be of the type we would give you at pretrial.

The Court: I am glad this is by agreement, because, gentlemen, I have a schedule set up for you.

Mr. Littleton: How about this? Does this suit your pleasure?

The Court: It is all right. I will adopt it.

(The schedule referred to is as follows:)

August 11—Government statement of its theory of the case due.

September 20—Government Requests due (this allows for two weeks of vacation).

October 4—Government Brief due.

October 4—Defendants' Requests due.

[fols. 4547-4548] October 18—Defendants' Brief due.

October 25—Government Reply Brief due.

October 27—Oral argument.

The Court: My schedule provided that on 5th of September everything included through October 18 would have been in, and the 14th and 15th of September would have been set for oral argument.

Mr. Reycraft: We would be very grateful for this schedule, if it is acceptable to Your Honor.

The Court: I am perfectly willing.

I would like an oral argument on this, gentlemen.

Mr. Reycraft: All right.

Mr. Littleton: How about Friday, the 27th? How does that sound?

Mr. Reycraft: All right.

Mr. Price: All right.

The Court: All right. Maybe it is just as well that I didn't set the schedule. I am agreeable to yours.

All right, gentlemen, I will see you tomorrow morning.

Mr. Littleton: Thank you very much.

(Adjourned at 12:00 o'clock noon until Thursday, August 3, 1961, at 10:00 o'clock A.M.)

[fols. 4549-4550] [File Endorsement Omitted]

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN  
DISTRICT OF PENNSYLVANIA

Civil Action No. 29287

[Title omitted].

TWENTY-NINTH DAY

Philadelphia, Pa., August 3, 1961

Before Hon. Thomas J. Clary, J.

[fol. 4551] WARREN/L. SMITH, recalled.

The Court: I assume that this is going to be extremely limited, isn't it?

Mr. Reycraft: It is, sir.

The Court: All right.

Direct examination.

By Mr. Reycraft:

Q. Professor Smith, since your testimony here during the Government's case, the Philadelphia National Bank has revised data on the ratio of loans outstanding to lines of credit. Based on this newly furnished data have you recomputed the information in the formula which you discussed during your testimony?

A. Yes, I have.

Q. What was your conclusion?

Mr. Littleton: May we have the data, first, the reference to it?

Mr. Reycraft: I don't wish to offer the IBM sheets which were furnished to us by Philadelphia National Bank, but I have shown the sheets to defense counsel so that they may

check them as being copies of the data which have been furnished to us.

The Court: What do they relate to?

Mr. Reycraft: The lines of credit of the Philadelphia [fol. 4552] National Bank and the loans outstanding against those lines.

After Dr. Smith's testimony in the first instance, revised data was submitted by Philadelphia National Bank, and I have asked Professor Smith to consider his conclusion in light of that revised data.

The Court: His conclusion as to what?

Mr. Reycraft: As to the result of the formula which he testified to as to transfer of deposits outside of the Philadelphia area resulting from the opening of lines of credit outside the area.

The Court: All right.

Mr. Littleton: May I ask what is being rebutted by this testimony?

The Court: I don't know.

Mr. Littleton: Then I object to this.

The Court: I have been pretty liberal all the way through here, Mr. Littleton. This is a rather unusual case.

Mr. Reycraft: I may say, Your Honor, we rely on data which was furnished us by the bank. It was changed by the bank after Professor Smith's testimony, so principally that is the reason for his testimony. It also is a rebuttal of some of Dr. Harris' testimony.

[fol. 4553] Mr. Reycraft: All that is involved is a calculation.

The Court: What is the exhibit number of his calculation?

Mr. Reycraft: That is Exhibit No. 60.

The Court: All right. I have reviewed that as recently as the night before last, about midnight, so I am familiar with that.

By Mr. Reycraft:

Q. Professor Smith, could you answer the question?

A. Well, one of the elements in this formula which is designated by the letter "k" is the proportion of new credit lines that are in use, of credit lines that are in use on the average, and in trying to estimate the impact of opening

new credit lines on the local supply of credits. I made an estimate of that ratio by taking the ratio of loans outstanding to lines of credit for all customers of the Philadelphia National Bank having credit lines and loans in excess of \$50,000 as of September 21, 1960. It later developed that through some oversight or other, and I didn't realize this, that there were a number of lines of credit against which there were no loans outstanding that had been omitted from this tabulation.

[fol. 4554] Now, my original estimate of this ratio was, I used the figure 50 per cent. I came out with 51.8, but I used 50 per cent roughly. Adding in these additional lines of credit against which there were no loans outstanding reduces, of course, the ratio, and it reduces the ratio to 34.6 per cent—that is approximately 35 per cent—adding in those additional lines of credit.

I might say that in both calculating the original 51.8 and calculating the 34.6 per cent I left out those loans and lines which had an X marked after them on the tabulation, because it was indicated that in these cases there wasn't any formal line of credit. This works against my calculation in the sense that if we included these, it would raise the ratio; but I left those out in both cases because it was indicated that there were no formal lines of credit outstanding here.

I made one other revision. Originally I estimated that the ratio "d," the deposit requirement, as a percentage of credit line, was 20 per cent, relying on the deposition of Mr. Brown in this regard. As I indicated at the time I testified originally, it seemed to me this ratio was rather high, and I reduced it to 10 per cent on the basis of the testimony of Mr. Potts which I have read to the effect that the bank ordinarily expects to get a deposit of approximately 10 per cent against additional credit lines.

Taking these two adjustments into account, and using the formula that I discussed and developed previously, it changes the conclusion that I came to somewhat. I originally estimated that the opening of a new line of credit in Philadelphia would tend to produce a net reduction in the supply of funds available to local borrowers, available in the local area, of about 35 per cent of the credit line. This



is now reduced to approximately 27 per cent of the credit line, and substituting into the formula the 10 per cent for "d," the deposit requirement, as a percentage of the credit line, and 35 per cent for "k," the proportion of new credit lines in use on the average, and using the reserve requirement of 16½ per cent and the proportion of new deposits resulting from local loans that can be expected to remain in Philadelphia of 3 per cent, the same as before, changes my estimate downward from 25 per cent to 27 per cent.

By the Court:

Q. All other assumptions that you made, Doctor, are still valid, in your estimation?

A. That is right, I believe they are.

[fol. 4556] By Mr. Reyecraft:

Q. Professor Smith, does your analysis suggest in any way that it would be unprofitable for a bank to make loans outside of its immediate service area?

Mr. Littleton: Objected to.

The Court: Unprofitable to whom?

Mr. Reyecraft: To the bank making the loan.

The Court: All right. Let us forget the area now. Let us forget the impact on the area. You are talking about banking now.

The Witness: All right.

The Court: Read the question. Let us get a straight answer.

(The reporter read as follows:)

"Q. Professor Smith, does your analysis suggest in any way that it would be unprofitable for a bank to make loans outside of its immediate service area?"

The Court: If you say yes, Doctor, I want to know on what basis you make your answer.

A. The answer is no. There is no indication in this formula or in my analysis that it would be unprofitable for a bank to make loans outside its local service area.

By Mr. Reycraft:

[fol. 4557] Q. So this analysis has nothing to do with the profitability of the loans?

A. That is correct, May I explain that further?

Q. Yes, sir.

A. Whether a bank should make loans outside the local service area to large concerns—or small concerns, as far as that goes—depends on the bank's appraisal of the risks and yields expected from these loans as compared with other loans and investments it might make.

Now, in the case of large loans, such loans to large companies, loans to large companies are commonly large loans, and these loans commonly involve very low risk to the bank. At the same time, the interest rate that the bank gets on these loans is commonly lower than it can get on smaller loans, but at the same time the costs of the credit investigation and administration are lower for large loans per dollar of the loan than they are for small loans, so that in many cases banks feel it profitable to make the large loans.

Now, my point is that when a bank presses this kind of business it is not likely, in my opinion, to get the funds needed to make these loans by attracting deposits from these large concerns outside the service area; that is, it will have to use some of the deposits that it obtains in the local [fol. 4558] area to meet this demand.

Mr. Littleton: If Your Honor please, I must object to this.

The Court. I will sustain the objection. We are here for answers to questions.

By Mr. Reycraft:

Q. Professor Smith, directing your attention to D-26 and D-40, do the facts set forth in these exhibits have any bearing on your conclusions? I hand you copies of the exhibits.

The Court: The answer is first yes or no, then we will go on from there.

A. No, I believe not.

By Mr. Reyeraft:

Q. Will you explain your answer.

A. Well, I have examined these exhibits, and looking at the customers involved, many of these customers having lines of credit did no borrowing at all in 1960, and others made only very slight use of their lines of credit. It seems to me very doubtful that customers such as this can be very much interested in credit lines, and they would be, in my judgment, quite unlikely to base a decision concerning banking connections on the availability of credit lines.

[fol. 4559] Secondly, many of the customers had deposits far in excess of the 10 per cent of credit lines referred to by Mr. Potts or even the 20 per cent referred to in Mr. Brown's deposition.

Mr. Price: May I ask you, Doctor, if you are reading something now or just testifying from your knowledge?

The Witness: Well, I am referring to some notes that I made.

The Court: Do you want to look at the notes that he made?

Mr. Price: Well, when he gets through.

The Court: I think maybe you had better.

The Witness: They are handwritten notes that I wrote out last night.

The Court: All right. Go ahead.

The Witness: It seems to me to follow that if these banks were interested in getting maximum credit lines, and unless they were receiving some local services that could not adequately be provided by banks in areas other than Philadelphia, it seems to me that they would transfer their banking connection to New York or other centers having banks with large lending limits, where their deposits would support larger lines of credit.

[fol. 4560] Now, thirdly, it appears to me that most companies listed on Exhibits D-26 and D-40 are firms with large business operations in Philadelphia and who carry large deposits here despite the fact that they cannot get commensurate credit lines, because they have little interest in credit lines, and because of the slight convenience involved in doing their banking business here and also the availability of specialized local services. It seems most unlikely

to me that the firms which might be induced by the increased lending limit of the merged bank to shift their banking connections to Philadelphia would behave in such a way. They would carry deposits in relations to their credit lines, and engage in lending activity in relation to their credit lines, in the same manner in which the firms listed on D-26 and D-40.

It seems to me such firms would be likely to put relatively lower deposits in relation to their credit lines, deposits in the neighborhood of 10 per cent, probably, that Mr. Potts testified to, and that they would also tend to use their credit lines, as far as loans are concerned, much more intensively than the firms listed on D-26 and D-40.

By Mr. Reycraft:

Q. Now, Professor Smith, have you examined the testimony [fol. 4561] of Mr. McDowell and Mr. MacLaren in that regard?

A. Yes, I have read the testimony of Mr. MacLaren and Mr. McDowell relating to this point. Mr. McDowell indicated on pages 2517 to 2519 of the record that the deposits of these companies were larger than the normal compensating balances expected of customers in connection with loans and credit line activity.

Mr. McDowell testified that the large deposits of the company shown on D-26 are to a considerable extent the result of services performed by the Philadelphia National Bank for the companies, and later on in cross-examination, that a good many of these services necessarily must or can much more conveniently be performed by a Philadelphia bank than they could be performed by a bank outside the Philadelphia area. So it seems to me that this testimony supports my notion that these are not the typical type of customers one could expect to get as a result of an increase in the lending limit resulting from the creation of the merged bank.

Q. Now, Professor Smith, have you examined Dr. Harris' testimony where he discussed the formula in G-60?

The Court: At what page of the record?

Mr. Reycraft: Page 100 to 103 of the deposition.

[fol. 4562] The Court: I don't happen to have the deposition as such, Mr. Reycraft. What page of our record?

Mr. Reycraft: Page 2371.

By Mr. Reycraft:

Q. Have you examined that testimony, Professor Smith?

A. Yes, I have.

Q. And would you comment on it?

A. Well, Dr. Harris in this section of his deposition, of his testimony, discusses my so-called formula that I used.

Mr. Price: If the Court please, this isn't rebuttal at all. Dr. Harris expressed his opinions about Dr. Smith's testimony, and now Dr. Smith is trying to justify his testimony.

Mr. Reycraft: It is rebuttal of criticism which Dr. Harris made. It is certainly strict rebuttal directed specifically to the record of his testimony.

Mr. Littleton: Then I presume we can call Dr. Harris back on surrebuttal.

Mr. Reycraft: I wouldn't object.

Mr. Littleton: And so on ad infinitum. I object also.

The Court: This case must end some day. I am going to permit it for what it is worth.

[fol. 4563] Mr. Reycraft: Will you answer the question.

The Witness: Dr. Harris, as I say, discusses my formula. One point he makes is that the material in Exhibits D-26 and D-40 seems to contradict my calculations. I have already discussed this point.

He also refers to some of my assumptions that I used in constructing the formula. For example, he refers to the assumption that the proceeds of all loans made under lines of credit opened as a result of the increased lending limit would leave the Philadelphia area.

The Court: Suppose you just elaborate on that very definitely, because I don't believe the assumption, Doctor, to start with.

The Witness: Well, this assumption follows directly from my assumption that the scale of business activity and the location of industry in the Philadelphia area is not affected by the availability of banking services.



By the Court:

Q. If a Philadelphia bank loaned a manufacturer in California \$10 million which that manufacturer owed to a Philadelphia concern—now take that assumption—what does that do to credit? And they deposited it right back in the man's bank. What does that do to your assumption?

[fol. 4564] A. It does absolutely nothing to it, because my assumption—

Q. Your assumption is that it took it out of the economic area of Philadelphia.

A. But regardless of where the firm borrowed the money, whether it borrowed it in Philadelphia, New York, San Francisco, or anywhere, it would have paid the loan in Philadelphia anyway.

Q. It would have what?

A. It would have paid the loan in Philadelphia anyway, as the loan is due.

Q. Of course. It pays the loan in Philadelphia, but the person to whom it is loaned deposits it in Philadelphia banks, the entire \$10 million.

A. But no matter where the money had been borrowed, he would still have deposited it in a Philadelphia bank. My point is that the activities of the firm are not affected by this, the source from which it obtains the funds.

Q. You have said in your assumption that if they loaned an airplane firm in California \$10 million, it takes away 35 per cent, now 27 per cent, it reduces the credit of this area.

A. Well, as a matter of fact, when they make a loan to [fol. 4565] a—

Q. And you followed it up with a lot of other assumptions, and I am giving you the specific instance where the bank loans \$10 million to a manufacturer in California, who pays a Philadelphia firm with banking connections in Philadelphia the \$10 million.

A. It would have made no difference assuming that—

Q. It makes no difference to your formula?

A. That is quite correct.

Q. I am beginning to understand your point. It comes back to the same proposition that no bank has any right, in deference to its community, to loan outside its community because it reduces the credit.

A. I am sorry, Your Honor. It has no such implication.

Q. You have said it before. Now are you changing your testimony?

A. No, no.

Q. You said it flatly the first time you testified.

A. All I am trying to do, Your Honor, is to discuss a point that was brought up in the case by the banks themselves. They contend that the opening of lines of credit increases the supply of funds available in Philadelphia. All I have tried to do is to make, as best I could, a scientific analysis of this proposition and see whether it is correct, [fol. 4566] and I don't think it is. I don't think that it follows that it is undesirable. It does not follow that it is undesirable to make loans outside the Philadelphia area for a particular bank, because an individual bank in our banking system, when it makes loans, whether it makes them in the local area or outside the local area or anything else, loses reserves to the extent of the loans it makes. The bank—and this was a point I tried very hard to explain in the early part of my earlier testimony when I talked about credit expansion—that the individual bank loses reserves, because when it makes a loan, whether it makes a loan locally or somewhere else, ordinarily can expect to, because of the fact that we have so many banks in the banking system, that the customer who obtains a loan is almost certain, when he uses the funds, to use them in such a way that they will eventually wind up as a deposit in some other bank rather than the one where he made the loan.

Q. Have you ever followed a single loan anywhere in the United States?

A. I beg your pardon?

Q. Have you ever followed any big loan from any bank anywhere in the United States?

A. No.

[fol. 4567] Q. You have also testified earlier that banking connections are unimportant in the location of industry. Do you remember that testimony?

A. Yes, sir, I do, and I believe it is correct.

Q. Do you remember any time in the history of the United States that banking didn't precede business into an area—in your study of the banking industry and reading up on it? I know that you are completely unfamiliar with the technical

details of a loan, aren't you, as to whether you personally would extend credit for \$5 million or \$10 million?

A. I am not a bank officer.

Q. You have never met payrolls, have you?

A. No, I have not.

Q. You have never been in a position where you had to judge whether a person is entitled to credit?

A. I have not.

Q. You are a theorist; is that right?

A. I think not entirely.

Q. What are you, then?

A. Well, I think I am a specialist in the field of money and banking, with primary interest in—

Q. You are a specialist in the field of money and banking in what way? What is the biggest cash transaction that you have ever handled?

[fol. 4568] A. I can't remember.

The Court: Don't answer that. I think it is unfair for me to ask you.

Go ahead.

The Witness: Well, as I say, I still believe that my assumption with respect to the fact that when loans are made outside the area—

The Court: I have a lot of respect for intellectual capacity, Doctor. Please don't misunderstand me.

[fol. 4569] We have had a lot of testimony here in this case—today is almost the sixtieth day after it started—from people who have had responsibility in business. That is why I point up the fact that perhaps you are a theorist, because you haven't had that responsibility that they had.

The Witness: May I make a comment, sir?

The Court: Surely.

The Witness: I would comment that in a case like this it is, of course, necessary to have testimony from people who are familiar with the details of banking, but at the same time it is also inevitably necessary to have testimony from people who don't work, who have not had an opportunity to work in commercial banks, and who look at the problem from, if you might want to call it that, a somewhat theoretical point of view.

The Court: I agree with you all the way, but when we get some assumptions that you have made about the flow

of money as a result of a loan, and you have never traced a loan, I begin to question whether your assumptions are correct, and that is the point that I am making with you.

The Witness: If I might comment on that, I don't think it is necessary for me to have traced the flow of funds connected with even so much as one individual loan to draw some conclusions in the broad sense about the effect of the [fol. 4570] kind of situation we are talking about here in the courtroom.

The Court: We are talking about a merger of two Philadelphia banks, both located at Broad and Chestnut Streets in Philadelphia.

The Witness: Yes, sir.

The Court: That is all we are talking about, and its impact on the Philadelphia economy, and whether it will cut competition or tend to create a monopoly. That is the problem before this Court. We are limited to Philadelphia, the Philadelphia area. That is my problem, I realize that, and Mr. Revercraft has very properly brought in all the testimony; but there are certain assumptions that have been made by you in your formula, and I want Mr. Revercraft to go on, because I might on further consideration give them complete validity, but right now I am very doubtful.

The Witness: Well, another assumption of mine that he questions is the assumption that 97 per cent—well, I assume that only 3 per cent of the proceeds of loans made to local firms, what I call local loans, would remain in the Philadelphia area, and the remaining 97 per cent would leave the area, and he very strongly questions this assumption.

Now, I would like to make two or three comments about this. In the first place, this estimate must be approximately [fol. 4571] correct, since Philadelphia has about 3 per cent, or had about 3 per cent—exactly 2.6 per cent—of national IPC demand deposits on June 15, 1960, as indicated on the third page of G-60. If more than 3 per cent of deposits coming into Philadelphia, or resulting from loans made by Philadelphia banks, tended to remain here in Philadelphia, it is quite obvious that the ratio of deposits in Philadelphia banks to the national total of deposits would necessarily tend to rise.

Secondly, if anything, I believe the ratio of 3 per cent is almost certainly a little bit too high, because if you look



at the figures—I don't have statistics on this—but it is generally recognized—and I have looked into it, but I don't happen to have the figures with me here—that Philadelphia's deposits have been growing less rapidly than the national total, so that the ratio of Philadelphia deposit to the national has been falling.

Now, if the ratio has been falling, then 3 per cent is really too high. It ought to be something that reflects the flow of additional deposit, the proportion of additional deposits that remains in Philadelphia, and if this additional amount is equal to 3 per cent, the ratio would tend to remain at 3 per cent. It must be lower if the ratio is falling.

[fol. 4572] Thirdly, if the ratio staying here is higher, that is, the ratio leaving is lower than my estimate—and this is what Dr. Harris seems to suggest—then my conclusion with respect to the drain of credit from the area would be strengthened rather than weakened.

For example, just suppose purely for illustration that this symbol "p" in my formula was equal to 40 per cent, that is, that 40 per cent of the deposits resulting from local loans remained in the area, then if you leave all the other values that I used the same and substitute 40 per cent for "p" in the formula, the drain is 40 per cent of credit lines. That is, the supply of credit available for local loans is reduced by 40 per cent of credit lines established instead of 27 per cent.

Now, finally, on that point, within limits within which it is likely to vary, let us say, whether it is 1 per cent or up to 10 per cent, would have very insignificant effects on the conclusions in my formula. That is this relationship. The proportion of new deposits running from local loans that can be expected to remain in the Philadelphia area is a relatively unimportant factor which I felt I should take into account in order to make my analysis complete, but it is really not important.

Then Dr. Harris on page 101 of his testimony—  
[fol. 4573] Mr. Reyeraft: That is page 2373.

The Witness: He refers to—

The Court: What did Dr. Harris say? Quote it exactly so that I will know what you are talking about.

The Witness: Well, he referred to my—

The Court: What did he say? Read his testimony.



The Witness: I don't have it here.

Mr. Littleton: What is the page, please?

The Witness: 2373.

He says:

"It would seem to me that if the proceeds of the loans made out of the city all left the city and 97 per cent of the proceeds of the local loans left the city, that the moral that you might draw from that..."

The Court: Just a minute, Doctor. You are reading entirely too fast for me to follow you. Read that more slowly, please.

The Witness: "It would seem to me that if the proceeds of the loans made out of the city all left the city and 97 per cent of the proceeds of the local loans left the city, that the moral that you might draw from that is that it is a bad thing for banks to lend at all.

[fol. 4574] "It seems to me that it is equivalent to putting a protective tariff around the local areas and saying, 'Keep your money at home,' which I think is contrary to the philosophy of our national economic system and national welfare."

[fol. 4575] By Mr. Reyecraft:

Q. Will you comment on that statement, Doctor.

A. Yes. In the first place, as I tried to point out several times, when a bank makes a loan it inevitably loses reserves to the extent of the loans it makes, whether it makes the loans locally or outside the area. That does not mean that it is unprofitable for the bank to make the loans, as seems to be implied here, that it is a bad thing for banks to lend at all. Bank lending facilitates economic activity, and just because the individual bank happens to lose the reserves resulting from the loans, that idea contains no suggestion that it is not desirable for banks to lend.

Dr. Harris refers to my testimony as reflecting a "Keep your money at home" philosophy. On that point I would simply point out that all I have been trying to do is to analyze a proposition that was advanced originally—I believe in the merger application that has been referred to particularly—that the creation of a larger bank, by

increasing the lending limit, would attract deposits to the area, and that this may not increase the supply of funds available to finance local economic activity.

[fol. 4576] By the Court:

Q. Doctor, increasing the lending limit means increased resources, does it not? It means that the bank is to have increased resources?

A. That is true, yes. In this case there would be a slight increase, because in addition to merging the two banks—

Q. What do you mean, a slight increase?

A. It wouldn't be very much, because we have already got the two banks here, and the resources are not increased.

Q. We have two instead of one; is that right?

A. Yes.

Q. Then there is going to be another million dollars thrown in on top of it?

A. That is correct, yes.

Q. So when you are talking about an increased lending limit, is that all that you consider in this case?

A. Well, that is all I consider, because that was the main point that was made.

Q. An increased lending limit?

A. Yes.

Q. The total resources of the two banks together you have never considered as a factor in the merger, without regard to the lending limit?

A. No, I have not.

[fol. 4577] The Court: All right, go ahead.

The Witness: The only point that I wanted to make is that this issue seems to me to be brought into the case originally by the defendants in the case, who argue that the area would benefit. So it seems to me it is not I who have taken a localized view of the problem. I have simply been trying to analyze as best I could the effect that would be produced on the local area, and I believe that the effect would be adverse, but it is not I who introduced the local area into the case. It is the defendant banks, it seems to me.

The Court: That is your opinion?

The Witness: Yes, sir.

The Court: As long as you keep it to your opinion, all right.

You didn't hear the mayor of Philadelphia testify yesterday?

The Witness: No, I did not.

By Mr. Reycraft:

Q. Professor Smith, in your reply to the Court's question on increased resources, do you consider that when you combine banks you are increasing their resources or merely combining existing resources?

A. Of course, you have a single bank with larger [fol. 4578] resources than before, but you don't have total banking resources in the area any larger than you did originally.

There is another point in Dr. Harris' testimony that I would like very briefly to refer to on these pages.

The Court: Use the pages. They will be supplied.

The Witness: That is pages 102 and 103 of the deposition. He says that—

Mr. Reycraft: Just a minute, Professor Smith. I will give you the pages in the record.

By Mr. Reycraft:

Q. On page 2374 of the record Dr. Harris referred to the growth of deposits in Philadelphia as compared with the growth of deposits in other cities, when he commented on your testimony. Do you have any comment on that statement? Read it into the record.

A. He said:

"I think that the slow growth of the deposits in Philadelphia, which is also true, I may say, at the time of the City of New York, is unrelated to the lending activities of the banks located in those areas.

[fo]. 4579] "I think that the slow growth of deposits is a direct result of the ratio of total economic activities carried on in those particular areas.

"Now, it is, of course, a fact that the more settled and older areas of the country are growing less rapidly than some of the new areas in the South and the West; and that factor has resulted in an increase in deposits in banking institutions in the South and West at a more

rapid rate than has occurred for deposits in the older and more settled portions of the country, such as Boston, New York, and Philadelphia."

I would simply like to say that I wholeheartedly agree that the slow growth of deposits in Philadelphia and other more settled areas of the country is primarily due to the fact that economic activity has been growing less rapidly in those areas than it has in some of the newer areas in the South and West. However, I believe the factors we have been discussing may have some effect, although rather slight, on the growth of deposits, but contrary to the implication, for example, in Mr. Brown's deposition, which suggests that the growth of deposits would be increased, I believe the effect, while probably not very important, would be adverse to the growth of deposits in the area.  
[fol. 4580] That is all I have.

The Court: Will somebody find me the exhibit—I assume it has to be the exhibit of the defendant—showing the index numbers of the growth of sales, and the addition, and so forth. In view of a statement made by Dr. Smith just now, I would like to take a look at it.

The Witness: Well, it is not a question—I am sure I know the area has grown rapidly. I am simply talking about growth of—

The Court: I want you to look at that exhibit. It is D-25. Do you have it in front of you?

The Witness: Yes.

By the Court:

Q. Do you still persist in your statement that you just made?

A. Yes, I do.

Q. Assuming the validity of that exhibit?

A. No, I am not questioning the validity of that exhibit. The exhibit has nothing that I can see to do with what I suggested.

[fol. 4581] I made no suggestion whatever that growth in this area had not been rapid. I am simply saying that growth has been less rapid than it has been in some of the newer areas of the country, such as the South and the West,

and I have got somewhere here some figures on the growth of employment in Philadelphia and in the larger metropolitan areas which suggest that employment in Philadelphia has grown less rapidly—in Philadelphia, Boston, New York, and some of the more settled areas—has grown less rapidly than it has in Dallas—

Q. Now we are talking about percentages rather than manufactures or increase of economic product, and so forth?

A. Yes, sir.

Q. We are still talking percentages rather than human beings; is that it?

A. Yes, sir, because we are talking about this in relation to the growth of deposits.

I feel certain that the growth of bank deposits in a particular area is related primarily—and I mean the percentage growth of bank deposits in the area—is related primarily to the percentage growth of economic activity in that particular area.

I am agreeing with Dr. Harris now; I am not disputing him. All I am saying is that this bank credit business that [fol. 4582] we have been talking about may have some very slight marginal effects on the growth.

The Court: All right.

Mr. Reycraft: Cross-examine.

Cross-examination.

By Mr. Littleton:

Q. Prof. Smith, will you look at G-60.

A. Yes, sir.

Q. Your formula. Will you turn to the second page.

A. Yes, sir.

Q. And look at the last paragraph.

A. Yes, sir.

Q. It says, does is not:

“That is, it is estimated that the establishment of new credit lines in Philadelphia on this basis would reduce the supply of credit available locally in the Philadelphia area by about 35 per cent of the amount of lines established.”



A. Yes, sir.

Q. Do I understand from the answers you made to the Court's questions that you do not hold to that theory now?

A. Do I have to answer that question "yes" or "no"?

Q. Well, you can answer "yes" or "no" and then tell us.

A. Would the clerk read the question back?

[fol. 4583] Q. You say on the bottom of the second page of G-60, which is your formula:

"That is, it is estimated that the establishment of new credit lines in Philadelphia on this basis would reduce the supply of credit available locally in the Philadelphia area by about 35 per cent of the amount of lines established."

I say, do I understand now, from some of your answers to the Court's questions, that you no longer adhere to that theory?

A. I adhere to the theory, but the estimate has been changed.

Q. How has the estimate been changed?

A. The new estimate that I introduced earlier was, instead of 35 per cent, the revised estimate is 27 per cent.

Q. In other words, the only change in it, then, is the 27 per cent?

A. Yes, sir.

Q. Then you do think it is a bad thing for the Philadelphia area for the Philadelphia National Bank or the merged bank to establish new lines?

Mr. Reycraft: I object. He didn't say that. His testimony was with reference to lines outside the area.

The Court: Overruled.

Read the question back.

[fol. 4584] (The reporter read as follows:)

"Q. Then you do think it is a bad thing for the Philadelphia area for the Philadelphia National Bank or the merged bank to establish new lines?"

A. I do, as far as the supply of credit to the local area is concerned, assuming that the lines are established on the basis of 10 per cent deposits and that they are used to the

extent of 35 per cent of the loans. If they can find particular cases in which the firm will place a deposit substantially larger than 10 per cent, and which the use of the credit lines represent substantially less than 35 per cent, there would be a favorable impact as far as the flow of funds into the area is concerned.

By Mr. Littleton:

Q. And it makes no difference whether these loans or lines that you are talking about are to Philadelphia borrowers or to borrowers outside of Philadelphia?

A. That is right. I believe it does not.

Q. I believe you stated that when you were here before.

A. Yes, sir.

Q. Well, now, if that is so do I understand that you think, if they established any more such lines, things are going to be even worse than they are now?

A. Well, there would be, in my judgment, if lines were [fol. 4585] established on this basis, a net drain of funds out of the area. I don't regard this as a tremendously important factor in the local situation, but I think it would be unfavorable, that is right.

Q. And your formula is based on a number of assumptions, as I understand it?

A. Yes.

Q. The value of "d," for instance, which you state is the deposit requirement, as a per cent of the credit line, you say that 20 per cent was taken from the deposition of Mr. Brown?

A. The original 20 per cent estimate was, yes, sir.

Q. So you have assumed the 20 per cent all the way through?

A. Well, I changed it to 10 per cent on the basis of Mr. Potts' testimony.

Q. What value have you given to the information which appears on D-26 revised, which I understand you have looked at?

A. Well, I tried to explain that this is a judgment that one must make on a matter like this, but in looking at those loans and credit lines and deposits, and having read the testimony of Mr. MacLaren and Mr. McDowell, I would judge, as I indicated before, that it is rather unlikely that

as a result of an increased credit line the banks would be [fol. 4586] able to attract additional customers whose deposits and loans would behave in this way.

Now, if that assumption is incorrect——

The Court: Just a moment, Doctor. Stop there. I want your answer up to now repeated.

(The reporter read as follows:)

"A. Well, I tried to explain that this is a judgment that one must make on a matter like this, but in looking at those loans and credit lines and deposits, and having read the testimony of Mr. MacLaren and Mr. McDowell, I would judge, as I indicated before, that it is rather unlikely that as a result of an increased credit line the banks would be able to attract additional customers whose deposits and loans would behave in this way.

"Now, if that assumption is incorrect——"

The Court: Go ahead.

A. (Continuing) If that assumption is incorrect, and if the bank could succeed in attracting additional deposits, these additional customers whose deposits and loans behave in this way, there would quite clearly be a net benefit to the area.

[fol. 4587] By Mr. Littleton:

Q. Doctor, do you question in any way the figures on D-26?

A. No, sir, I do not.

Q. What do they show with respect to the ratio of deposits to loans?

Don't you have it before you?

A. Wait a minute. Yes, I think I do.

D-26 shows that the ratio of deposits to loans is 199.8 per cent, approximately 200 per cent.

Q. It shows average loans of \$51,798,000 to the 27 customers with the largest lines of credit?

A. Yes, sir.

Q. And it shows deposits of how much?

A. \$103,507,000.

Q. When you were reading Mr. McDowell's testimony did you read page 2894?

A. Yes, I read all the testimony, I believe.

Q. Well, then, you will recall, no doubt, that in answer

to the question, "Now turning back again to D-26, what effect, if any, do you think the merger will have on the bank's ability to acquire additional customers similar to those profitable ones which appear on D-26?" Mr. McDowell answered, "Well, I would think our first aim would be [fol. 4588] to hold on to that which we have and service the growth of these present customers so that we can maintain our position. I think our main target with the larger resources and larger bank, and more efficient management would be the New York area, because we suspect that there are hundreds of millions of dollars of customers in our area, in our trading area, in New York balances—lines of credit and loans."

Do you remember that testimony?

A. Yes.

Q. Have you any reason to believe that any of these situations described on Exhibit D-26 are going to change?

A. Well, I have no specific evidence. That is, I am not familiar with the individual customers involved. I can only make judgments on the matter, if you want me to do that, and I don't know the customers, and I have not been inside the bank and examined the records, and so on, so that all I can make is judgments.

Q. Do you know why any one of the customers listed on D-26 or on D-40, which I believe is the Girard Trust Company exhibit similar to it, do you know why any one of them keeps on deposit the amount it does in the Philadelphia National Bank or the Girard Trust?

A. I don't know the details. I have read the testimony [fol. 4589] that Mr. McDowell gave on this. I can't remember the details with respect to the individual companies.

Q. You don't deny the fact of D-26, do you?

A. No, I do not.

Q. Well, would you be willing to work your formula with the figures that come from D-26?

A. Do you want me to do it right now?

Q. Yes, sure.

A. It will take me a couple of minutes.

The Court: Well, we have a ten-minute recess coming up, so you can take your time.

(A ten-minute recess was taken at 11:00 o'clock A.M.)

By Mr. Littleton:

Q. Were you able to do as I asked you, Doctor, and apply D-26 figures to your formula?

A. Yes, I computed it.

Q. Will you tell us your answer and describe your computation.

A. Well, I calculated the value of "d," which is the relation of deposits to credit lines, which is obtained by dividing \$103,507,000 by \$234,100,000, which comes out to about 44 per cent, and I calculated "k," on the basis of D-26, by [fol. 4590] dividing the average amount of loans by the average amount of lines, \$51,798,000 divided by \$234,100,000, and obtained a percentage of 22 per cent. Then I substituted, keeping the other estimates the same as I used before, but substituted "d" equals .44 and "k" equals .22 in my formula, and I calculated the effect, and what I came out with is that in this case the supply of funds available for local loans increases by only 14.8 per cent.

Q. You mean it increases by 14 per cent?

A. Yes, sir.

Q. You said it increases only by 14 per cent.

A. Yes, sir, I think that "only" is important.

Q. By 14 per cent plus?

A. About 15 per cent, yes, sir.

Q. And the more of such deposits and customers the bank had, the more that would increase, would it not?

A. On this assumption, that is correct.

Q. On this assumption, that is correct?

A. Yes, sir.

Q. And this is even on your assumption that 97½ per cent moves out of Philadelphia?

A. Yes, sir.

Q. Now let us talk about the validity of that which I understand you call your "p" factor.

[fol. 4591] A. I already did, sir. I discussed that at some length in discussing Professor Harris' testimony.

Q. I would like to ask about it, because it is an assumption, is it not?

A. It is an assumption, but it seems to me that it is almost certainly approximately correct.

Q. Where did you get the figure?



A. Well, the source of the data is shown on the third page of Exhibit G-60, under heading No. 4:

"The estimate of "p" was based on the ratio of IPC demand deposits for the four-county area to total IPC demand deposits for the entire United States. This information was obtained from distribution of bank deposits by counties and standard metropolitan areas, June 15, 1960 . . ."

Q. And you told us before that your formula would apply to any community in the United States, did you not?

A. Yes, I believe it would, with appropriate adjustments of the coefficients in it.

Q. Wouldn't the assumption have to be that every community in the United States was losing deposits on this basis if they made loans?

A. Oh, goodness, no.

Q. Why not?

[fol. 4592] A. Any bank, when it makes loans, does not lose deposits, it loses reserves. It does not gain any deposits when it makes loans. It loses reserves, and this is true of a small local area also, but not quite so much so, because some of the deposits will stick in banks in that area, and it is reasonable, if you have to estimate the proportion that will, to estimate it as the ratio of the deposits of that bank, of that area, to the total United States.

Q. Are you saying that it is only in Philadelphia that it would not stick?

A. Oh, no.

Q. Well, then, I ask you again if your formula applies to any community in the United States.

A. It does, but the "p" factor would not be the same for every community.

Q. Where would it be different?

A. Well, I don't know. I would have to calculate. It would be calculated as it is here, by taking the total deposits of that area in relation to the national total. That varies from one area to another. In an area in which deposits were going high relative to the national total, this ratio would be larger, but for all areas in the country taken together, if you compute the "p" factors for each one of them and add

[fol. 4593] them together, they add up to a hundred per cent, because all the deposits in the United States are somewhere in the United States.

Q. As a matter of fact, Professor, the percentages of deposits in Philadelphia banks, or in the banks of any city, to all the deposits in the United States does not show movement at all, does it? It shows where the deposits are?

A. That is right, and for that very reason I say that 3 per cent is probably an overestimate, because, actually, instead of remaining at 3 per cent of total national deposits, calculations that I have made and evidence introduced by other people show that the deposits in Philadelphia have been growing less rapidly than the national total, so that this percentage has been falling, so that actually a correct estimate of this would presumably be something below 3 per cent, but it depends on the rate of decline, and I didn't try to take it into account.

Q. And you are basing your whole idea, in making the assumption that  $97\frac{1}{2}$  per cent flows out of Philadelphia, solely on the fact that Philadelphia shows deposits of  $2\frac{1}{2}$  per cent; is that it?

A. But if, when deposits come into Philadelphia or are created here by making loans, if more than 3 per cent tended to [fol. 4594] stay here, then this would surely raise the percentage of Philadelphia deposits to the national total. It couldn't help but do it.

Q. As deposits flow out of Philadelphia, don't others flow in?

A. That has nothing to do with the example we are talking here because this is a point Dr. Harris brought up, as a matter of fact, but it seems to me it is completely irrelevant to the fact that we are discussing here, for the simple reason that all this other activity is not going to be affected significantly by the factor we are taking into account. The deposits that are going to flow in here from outside are going to flow in anyway, with one exception, and that is if customers transfer their banking connections from New York to Philadelphia. There will be some deposits that would have flowed in here had they borrowed the money from New York, because they now borrow them from Philadelphia, but that works my way.

Q. Well, your whole formula and your conclusion are based on 97½ per cent flowing out; is that correct?

A. Yes, sir.

Q. And I am asking you, if that flows out, isn't there an amount that flows in from other communities?

A. Yes, but all we are talking about is the outflow that is [fol. 4595] induced by the particular opening of credit lines. We are not talking about a lot of other deposits that would flow out anyway and flow in anyway.

Q. Are there deposits flowing out from other cities in the United States?

A. Sure, and flowing in too.

Q. Aren't a great many of them flowing into Philadelphia?

A. Correct, but the amount that flow in will not be affected by this business we are talking about of opening a new credit line. They would have flowed in anyway.

Q. Whether they are affected by this or not, they do flow in, do they not?

A. Yes, they do.

Q. And you have found, by taking these figures that are shown on D-26, and which I understand you don't quarrel with, that there is a plus available for loan credit, is there not?

A. Well, I think it is completely unreal—

The Court: Read the question.

(The reporter read as follows:)

Q. And you have found, by taking these figures that are shown on D-26, and which I understand you don't quarrel with, that there is a plus available for loan credit, is there not?"

[fol. 4596] A. Well, I have to qualify my answer to that by saying that while I don't quarrel with the accuracy of the figures, I do quarrel with the validity of applying them to the situation I am talking about.

The Court: Read the question back.

(The reporter read the last question as follows:)

"Q. And you have found, by taking these figures that are shown on D-26, and which I understand you don't quarrel with, that there is a plus available for loan credit, is there not?"

The Court: You can answer that yes or no, Doctor, and I direct you to answer yes or no and then you can make any explanation you want.

The Witness: Yes.

The Court: Now, any explanation that you may want to make, qualifying it in any way, you may go on and do it.

The Witness: Well, the only point I want to make is that I don't quarrel with the accuracy of the numbers on D-26, but I do question the validity of applying the ratios calculated to these numbers to estimate the impact of opening new lines of credit, because I simply do not believe that new lines of credit would behave in the way in which these [fol. 4597] do.

By Mr. Littleton:

Q. You don't believe new lines of credit would behave this way?

A. That is right, sir.

Q. And you base everything on that?

A. Yes, sir.

I would like to make one other point, if I may.

Q. Go ahead.

A. And that is that even on the highly favorable assumptions that are obtained by calculating the ratios from the date on D-26, I think it is interesting to notice that the net gain to the area is only 15 per cent of new credit lines open.

Q. Well, that, of course, is on your assumption of the value of "p"?

A. That is correct.

Q. Suppose you took the value of "p" at 50 per cent?

A. It wouldn't make too much difference.

Q. Tell us what it would make.

A. I have to calculate it.

Q. You can do that rather quickly?

A. I can add that rather quickly.  
[fol. 4598] I come out with about 25 per cent approximately.

Q. Is that on the basis of the figures you have taken from D-26?

A. Yes, using the figures I took from D-26, and also by revising "p" upward to 50 per cent.

Q. Yes.

A. I come out with 25 per cent.

Q. Well, that is fairly substantial, isn't it?

A. It is fairly substantial, yes.

Q. Let us talk about "k" for a few minutes. What is the "k" in the formula?

A. "K" is the ratio of average loans outstanding under the credit lines to the amount of the credit lines. It is an estimate of the extent of use of the credit line for lending purposes.

Q. Where did you get that estimate?

A. Well, I got my estimate of "k" by taking the total for all customers of the Philadelphia National Bank with credit lines of \$50,000 or higher and adding together as of—

Q. September 21?

A. September 21, 1960, I think it was.

[fol. 4599] Q. Isn't it so they were only customers who were borrowing?

A. No, no, no. They were customers. In my original calculation I did not take account of customers who had credit lines outstanding on that date but no loans. The bank apparently inadvertently omitted those credit lines from their listing, and I did not realize that, so I calculated it originally by using only customers who had credit lines of \$50,000 or more and loans outstanding under the credit lines, but I have now revised it by adding in all the credit lines of \$50,000 that were not in use, and, in effect, adding zeros on the loan side to the loan total, so that now I have divided total loans by the total credit lines, whether they were in use or not, and that reduces my ratio from 51.8 per cent, I think it was, down to 34.6.

Q. These were figures for just one day in 1960; is that correct?

A. That is quite correct.



Q. Whereas D-26 is an average for the year, is it not?

A. That is right.

Q. Have you looked at D-43 in connection with this at all?

A. It does not ring a bell with me.

[fol. 4600] Q. While Mr. Reyecraft is getting that for you, Professor, isn't it so that in your formula, or your assumption, your "d," the deposit, is purely an estimate? You took Mr. Brown's 20 per cent first, and you are now taking Mr. Potts' 10-percent suggestion as minimum, the minimum they tried to get, and you haven't based it on the actual figures, have you?

A. No, I have not.

Q. You don't know what the actual figures are except as D-26 tells you, do you?

A. No, I doubt very much if anybody else does either.

Q. You don't know how many deposits there are of customers who don't borrow, do you?

A. I beg your pardon?

Q. You do not know how much the deposits are of customers who do not borrow?

A. No, I do not.

Q. And you do not know what the deposits are of customers who do borrow, do you, as to whether the deposits are in excess of the amount of loans, other than D-26 tells you?

A. No, I do not.

Q. Maybe D-43 will shed a little additional light on it. Will you tell us what you find on there as to the Philadelphia National Bank?

A. Well, let's see. The Philadelphia National Bank—

Q. Have you ever seen this exhibit before?

A. I am not sure I have. I certainly should have.

Q. I am sorry. I assumed you would have been shown this. Let me ask you, doesn't it show the Philadelphia National Bank demand deposits of partnerships and corporations, being customers located outside the four-county area, or of customers located inside the four-county area that are not limited to a choice of banks in the four or ten-county area, that the demand deposits are \$290,782,000, and that the loans are considerably less, \$226,141,000, and you will see a similar difference in the Girard?

A. Yes, sir.

Q. Their demand deposits are \$143,188,000, and the loans are \$114,988,000?

A. Yes, sir.

Q. Does that cast any light on this assumption that you have taken of 10 per cent?

A. Well, to be honest with you, I don't think it does.

Q. You don't think it makes any difference?

A. I don't think it bears directly on what I am talking about, because it seems to me, almost by definition, when we are talking about customers who are attracted to open [fol. 4602] credit lines or by the increased size of the lending limit, we are talking about customers who are likely to be oriented toward their borrowing capacity and who are likely to want to get the maximum borrowing capacity they can get in exchange for a minimum amount of deposits. Many of these customers are customers who have large economic activities in the area and who are motivated to carry large deposits here because of services and other factors connected with this.

Q. But you still have the deposits there in excess of the loans, don't you?

A. Right, but the question before us is what will happen with respect to additional deposits and loans that will be attracted in here as a result of the expansion of the bank. Frankly, I simply do not believe that you can judge that they will behave in the same fashion as the average deposits and loans that are here already.

Q. Let me ask you right there; if you think that the danger to the community lies in the fact that there might be additional loans made by the larger bank over the presently existing loans, resulting in disadvantageous results to the community, why is it that just an increase of loans by this merged bank is going to have such a direful result on the economy of the Philadelphia area?

[fol. 4603] A. In the first place, I never said it would be a direful effect.

Q. Didn't you say that an increase in loans would decrease the availability of credit?

A. Yes, but all I am trying to say is that in order to say whether this will have a direful effect on the area, one has

to take into account all of the implications of the merger, not only just this one——

Q. Well, I am asking you about this one.

A. Right.

Q. I am right, am I not, that you have said that an increase in loans would decrease the availability of credit?

A. I believe it would.

Q. And this is so whether the loans are to companies outside Philadelphia or inside Philadelphia?

A. Well——

Q. You said that before.

A. I am talking about additional loans, that is right.

Q. Right. Well, let me ask you, if there is a reduction in loans, will that increase the availability of credit?

A. The reduction in loans?

Q. Will that increase the availability of credit?

A. Of course it will. A reduction of loans in Philadelphia [for 4604] banks, customers repaying loans to Philadelphia banks, will make funds available to those banks which they can use to lend to other customers.

Q. If you think the first is a bad result on the financial community, do you think the second is——

A. Not necessarily. You have to judge what the cause is. In the second case I am talking about customers paying bank loans. Whether it is good or bad all depends on the reason they pay the loans back. If they pay the loans back because of a decline of business activity in the area that does not require them to have that money any more, this is a bad effect.

Q. Doctor, let me just understand what the kernel or the heart of your theory is. Is it that if you increase loans, it is going to be bad for the economy of the Philadelphia area?

A. Let me say that it depends on the assumptions one makes about the magnitudes of these coefficients in this formula. From the estimates I made, which I feel are the best ones, most applicable, as far as I can judge, from the material available to me, it seems to me there would be a net loss to the area. If the coefficients are estimated incorrectly, and if, for example, the coefficients one could derive from D-26 are the correct coefficients, my conclusion [fol. 4605] would be reversed, but still the effect would,

it seems to me, be rather weak. That is, you have to take account of both the deposits coming in and the funds going out as a result of the loans, and they tend to cancel each other out to some extent. It is a question of whether there is a net inflow or net outflow. I judge, as best I can on what seems to be data that are likely to be most relevant, that there would be an outflow.

Q. So that your whole conclusion, as I understand it, rests on the assumption that the deposits are only 10 per cent of the loans and that 97½ per cent of the proceeds of the loans move outside the Philadelphia metropolitan area?

A. And the assumption that loans are 35 per cent of lines.

By the Court:

Q. Are those two valid assumptions?

A. Yes.

Q. Now, you say "plus." What is your plus?

A. There are two other assumptions. One is that the reserve requirements of Philadelphia banks are 16½ per cent, and the final one is that the ratio of loans to credit lines is approximately 35 per cent.

By Mr. Littleton:

Q. So the best thing for the Philadelphia banks to do [fol. 4606] is not to make any more loans; is that correct?

A. No.

Q. For the good of the area?

A. No, because the loans are necessary. That is, to the extent that the loans are necessary to finance economic activity in the area, fine, but my point is that it is at least questionable, when, as far as I can see, economic activity in the area is being satisfactorily financed as it stands, to shift the financing of it to the Philadelphia area by opening a larger bank. I judge that the net effect of this would be a drain of credit on the area.

The Court: Doctor, have you finished?

The Witness: Yes.

The Court: I want the reporter to read your answer back, and I want to ask you a question about one statement therein made.

Read the answer back.

(The reporter read as follows:)

"A. No, because the loans are necessary. That is, to the extent that the loans are necessary to finance economic activity in the area, fine, but my point is that it is at least questionable, when, as far as I can see, economic activity in the area is being satisfactorily [fol. 4607] financed as it stands, to shift the financing of it to the Philadelphia area by opening a larger bank. I judge that the net effect of this would be a drain of credit on the area."

By the Court:

Q. Doctor, you said, "As far as I can see, economic activity in the area is being satisfactorily serviced as it stands." What did you base that on? What evidence? You have made the statement. Now I would like to know on what evidence. As I said, this case started almost 60 days ago. I have heard a lot of evidence in this case, a lot of things, but I am rather amazed that you make such a positive, dogmatic statement, and I would like your basis for making that statement.

A. The truth is I can't provide a basis for that statement. It was a comment I made in connection with trying to explain my answer to a question. In the first place, I don't think anybody can define properly what you mean by "satisfactorily financed." I am sorry I made the statement.

Q. Then I am quite sure that we both agree that we will forget it was made and we will go on.

A. All right.

By Mr. Littleton:

[fol. 4608] Q. It is impossible to escape the conclusion, isn't it, Doctor, from your theory, that it is disadvantageous to the Philadelphia metropolitan area for this bank or the merged bank to get any additional customers?

A. Well, you certainly can't say it from the formula.

Q. I beg your pardon?

A. You certainly can't say it from the formula.

Q. What do you say, Doctor?

A. You have to know what the estimates of the coefficients



in the formula are. That is, you have to make specific estimates.

Q. You told me that you wouldn't go along and say that your theory means that we shouldn't make more loans. I am asking you, should we try to get more customers?

A. Well, I think so. I mean I believe in letting banks do as they feel appropriate with respect to attracting new customers.

Q. As to all areas?

A. That is right, and it may very well be highly advantageous to the banks to do this.

Q. And would it be advantageous to the area also?

A. Well, whether it would be advantageous to the area on the whole would involve a pretty complicated analysis of the whole situation.

May I comment?

[fol. 4609] Q. Sure.

A. All I am trying to do is to analyze a proposition that was introduced into this case by the defendants in which they argued that there would be a positive inflow of credit into Philadelphia. I am simply trying as best I can to judge whether this statement is correct or not.

Q. And you do that on certain assumptions?

A. That is correct.

Q. The correctness of which you have not established?

A. Well, yes.

Mr. Littleton: All right, that is all.

By Mr. Price:

Q. And one of the assumptions is that the figures shown on D-26 and D-40 are not figures which indicate what other depositors and borrowers would do?

A. Yes, sir.

Q. And you have no basis for that other than your assumption?

A. It is other than my judgment, that is right.

Mr. Price: That is all. Thank you.

**Redirect examination.**

**By Mr. Reycraft:**

**Q.** Professor Smith, isn't it a fact that the basis for [fol. 4610] your judgment on D-26 is Mr. MacLaren's testimony and Mr. McDowell's testimony?

**Mr. Littleton:** That is a leading question and I object to it.

**Mr. Price:** He said he had none.

**By Mr. Reycraft:**

**Q.** Let me refer you to page 2504 of Mr. MacLaren's testimony and let me ask you whether you considered that testimony in forming your judgment.

**Mr. Price:** Objected to. He said he did not.

**The Witness:** I said what?

**Mr. Reycraft:** Would you answer my question, Doctor.

**The Court:** Wait a minute. There has been an objection. Let me hear the question.

(The reporter read as follows:)

"**Q.** Let me refer you to page 2504 of Mr. MacLaren's testimony and let me ask you whether you considered that testimony in forming your judgment."

**The Court:** I will sustain the objection to the question as framed.

**By Mr. Reycraft:**

**Q.** In reaching your conclusion on D-26 as to which you were asked on cross-examination, what factors did you [fol. 4611] take into consideration?

**Mr. Price:** Objected to. He has testified that he had nothing except his own judgment as the basis for his rejection of the operation of D-26 on the future of borrowers.

**Mr. Reycraft:** And I am asking him what went into his judgment.

**The Court:** That question opens up his entire testimony again, doesn't it, as to his formula?

Mr. Reyecraft: No, all it opens up is the question of the fact that he relied on D-26 and D-40, which is what I believe I can establish by asking these questions.

The Court: That he relied on those?

Mr. Reyecraft: Yes, for his assumption.

The Court: If that is the purpose, I am going to sustain all objections to the questions, because he has testified fully about it.

Mr. Reyecraft: He was asked a question on cross-examination as to what the basis for his judgment was.

The Court: Keep it very short. I am going to let you proceed. Keep it very short. This is getting to be [fol. 4612] repetitious.

By Mr. Reyecraft:

Q. Dr. Smith, in reaching a judgment which you were asked about on cross-examination, did you consider the testimony of Mr. MacLaren on D-26?

A. Yes, I did.

Q. And what weight did you give that testimony?

A. Well, that testimony and also the testimony of Mr. McDowell—

Mr. Price: Can we have what the testimony is that you are talking about, Professor, before you tell us what weight you gave it?

The Witness: The testimony of Mr. MacLaren, particularly on page 2517, where, after having been questioned about the individual customers listed on Exhibit D-26—

Let's see. He was asked whether those customers who were rendered services such as include payroll accounts would not be likely to carry larger deposits than would be required as compensating balances for loans, and he replied that he thought they would.

By Mr. Reyecraft:

Q. Will you refer also to 2518.

A. And again here, in answer to a question, "Assuming [fol. 4613] you did not have the payroll servicing of the customer..."

Mr. Price: Would you mind saying it loud enough for me to hear?

The Witness: "Assuming you did not have the payroll servicing of the customer and he was merely a borrowing customer, are these deposits representative of the deposits that you would require as a compensating balance or expect to get against loans?"

"A/ Oh, no, these are in excess of what we expect to get just against the loan.

"Q. Far in excess, are they?"

"A. Yes."

Mr. Reyecraft: That is all I have.

Recross-examination.

By Mr. Price:

Q. What does that mean to you with reference to D-26?

A. Well, it means that in conjunction, I might say, with the extensive testimony on the individual accounts by Mr. McDowell, that these are companies that have payrolls in this area and carry large deposits in connection with those payrolls and I would judge are relatively uninterested in maximizing credit lines or else getting services from local banks that they could not get elsewhere. If this were not the case and if they were strongly interested in credit lines, [fol. 4614] I would expect them to transfer their banking activity to a bank in, say, New York, where they could get a credit line commensurate with the deposit they need to use for local activity purposes.

Q. Do you know whether that is a fact in respect to any of those—

A. No, I do not.

Q. You are just assuming that?

A. I am just judging that.

Q. Aren't you inferring that from something?

A. Yes, sir.

Q. And you suggested that all you have to do is go to New York with a deposit or check in your hand and establish a credit line in some bank? Is that the way you do it?

A. I think that is pretty much true for the kind of large companies we are talking about here. In most cases they would have no particular difficulty in establishing a credit line in New York.

Q. So you think a customer walks into a bank with a check and puts it down and establishes himself a credit line the way you do in a grocery store or haberdashery store?

[fol. 4615] A. Not every company does, but we are talking here about large and pretty well established concerns.

Q. You think that is the way they do it?

A. I don't know what they do when they go in the bank with respect to what officer they see and what they do with the check they write.

Q. Do you know how they establish a credit line?

A. Negotiate a credit line with an officer of the bank.

Q. Do you know what they have to do to establish a credit line?

A. Well, they have to supply the information concerning their activities, and statements of condition of the firm, and so on.

Q. Did you ever establish one yourself?

A. No, of course not.

Q. Did you ever participate in the establishing of one?

A. No, of course not.

Mr. Price: That is all.

By Mr. Littleton:

Q. Professor Smith, when you were reading from Mr. MacLaren's testimony as the basis for an opinion, you of course read all of Mr. MacLaren's testimony?

A. Yes, I did.

[fol. 4616] Q. I say, you of course read all of Mr. MacLaren's testimony?

A. I believe I did, yes.

Q. And on the next page to the one you were reading, page 2524, where Mr. Reyeraft is cross-examining Mr. MacLaren, let me ask you if you took Mr. MacLaren's answer here made into consideration. The question asked of Mr. MacLaren was:

"Q. D-26 is not a very reliable indication, is it, of what type of deposits the Philadelphia National Bank might expect to get in compensation for loans unrelated to other services?"



And Mr. MacLaren's answer was:

"A. The intention of this is not to make a measure of the deposits against the loans. The intention of this is to show that for big customers the type of business you do for them brings in very substantial deposit balances."

Did you take that into consideration in forming your opinion?

A. Yes, I read that.

Q. And dismissed it?

A. Well, in going back further in this case, it seems to [fol. 4617] me that the emphasis in attracting deposits has been on the size of the credit line. Now, it is possible, but I think it is a matter to be established, that a larger bank could in fact render services which would attract the depositors. This is probably true, but it is something to be established. I have addressed myself to the effect of the credit line because it seemed to me that was the original argument, and there may—I only arrived in Philadelphia yesterday—and there may very well be testimony bearing on this point that I have not yet had a chance to examine.

Q. Did you read or didn't you bother to read the testimony of all the customer witnesses?

A. No, I did not have a chance to do that, sir.

Mr. Littleton: All right, that is all.

By Mr. Price:

Q. And so because this latest statement of Mr. MacLaren that Mr. Littleton read you does not fit into your theory, you rejected it; is that right?

A. No.

Q. You didn't accept it, did you?

A. No. No, I didn't accept it.

Mr. Price: All right.

Mr. Rexcraft: That is all.

[fol. 4618] The Court: Mr. Degnan, have you included that matter we discussed yesterday?

Mr. Degnan: Your Honor, I believe the defendants have those exhibits prepared and they plan to introduce them this morning.

The Court: The point I am making is, I called the United States Attorney's office yesterday and talked with Mr. Degnan. I had proposed to get in touch with defendants' counsel to do whatever is necessary to protect the customer list which has been discussed here by number or letter, and Mr. Degnan informed me that there had been pretty much agreement between you as to what would go in the record.

I would much prefer that the record be a public record, and I want full protection, which has been agreed upon very gentlemanly between the Government and the defendant, of people who are not parties to this proceeding. There are certain exhibits here which had to be discussed by number or letter, and I asked Mr. Degnan to make sure by this morning that that was in shape, so I would have to issue no impounding order. I would prefer not to issue any impounding order.

Mr. Degnan: I believe the defendants have their exhibits prepared, Your Honor.

[fol. 4619]. The Court: All right.

Mr. Reyecraft: Earlier in the case Your Honor inquired whether the Government might be able to limit some of the exhibits it offered, in terms of the pages involved, and particularly the application, and I have prepared—I might say more accurately Mr. O'Donnell has prepared—a statement of the pages on which we will rely and will therefore be willing to substitute exhibits.

I hand copies to defense counsel (handing).

(Copies handled to defense counsel and to the Court.)

Mr. Littleton: We understood that the application had already been offered in evidence and accepted in evidence.

Mr. Reyecraft: They have been received subject to the Court's request that the Government attempt to reduce the number of pages involved.

The Court: The application as such is admitted for all purposes.

Mr. Littleton: Thank you, sir.

Mr. Reyecraft: I am talking about the applications for branch banking.

The Court: Oh, yes, yes.

Mr. Reyecraft: As Your Honor may recall, there was some [fol. 4620] parts of it on which we did not rely, but we

offered them for completeness. Now we have indicated the pages of particular documents on which we will rely.

The Court: There were 21 or something in that area?

Mr. Reycraft: Something like that.

(The document referred to reads as follows:)

United States of America v. The Philadelphia National Bank and Girard Trust Corn Exchange Bank.

The government will rely on the indicated pages of the following exhibits:

Exhibit	Page
G72	1
72a	1
	2a
	3
72b	1
72c	1
	2
	2a
72d	1
72e	1
	2a
[fol. 4621] 72e	3
	4
73	1
73a	1
	2
	3
	4
	7
74	1
	2
	4
	7
76j	1
76k	1
	2
	3
76l	1
76m	1
	3

Exhibit	Page
76n	1
76o	1
	3
76p	1
76q	1
	3
[fol. 4622] 76r	1
76s	1
	3
76t	1
76u	1
	3
76v	1
76w	1
	3
77	1
77a	1
	3
	6
77b	1
77c	1
	3
77d	1
89	1
	2
	4—par. 9 only
	6
	7—first 2. pars. only
	1
	2
[fol. 4623] 91	3—first. pars. only
	8
	10—second full par. at top of page and Item 11 in full
	11
	12—Item 13 only

## Exhibit

93

## Page

1

2

4—Item 9 only

5—last 2. pars.

8

9—Item 13

Mr. Reycraft: With reference to G-23, 24, 25, and 27, questions were raised about some of the percentages, where errors in the neighborhood of a half per cent may have been made, and we have revised those tables and are satisfied that they are accurate.

(Document headed "Table 23—Revised" was marked Exhibit G-23 (revised) and admitted in evidence.)

(Document headed "Table 24—Revised" was marked Exhibit G-24. (revised) and admitted in evidence.)

[fol. 4624] (Document headed "Table 25—Revised" was marked Exhibit G-25 (revised) and admitted in evidence.)

Mr. Reycraft: I have handed counsel copies of revised 27.

(Document headed "Table 27—Revised" was marked for identification Exhibit G-27 (revised) and admitted in evidence.)

Mr. Reycraft: As to G-29, the question was raised that some of the figures furnished to us by the Philadelphia National Bank included domestic and foreign bank deposits, and these figures have been omitted from revised 29, so that they are now strictly comparable.

(Document headed "Table 29—Revised" was marked for identification G-29 (revised) and admitted in evidence.)

Mr. Reycraft: We wish to withdraw Government's Exhibit 182.

The Court: Which is what?

Mr. Reycraft: G-182 is a document entitled "Total Number of Loans and Proportion of all Loans of Philadelphia National Bank and Girard Made to Borrowers in Philadelphia, Bucks, Delaware, and Montgomery Counties."

We have been unable to reconcile certain figures of the



defendant's exhibits, but it is not important so we withdraw [fol. 4625] it in favor of their exhibit. The difference is not important.

(Exhibit G-182 withdrawn)

Now, on Government's Exhibit 183, the source, which was a Government exhibit, was omitted, and that has been included in revised 183.

(Document headed "Changes in the Number of Banks With Head Offices in Philadelphia Shown by Size of Bank" was marked Exhibit G-183 (revised) and received in evidence.)

The same with reference to G-184, where the Government's exhibit which was the source of that document was omitted, and that has been supplied as G-184 revised.

(Document headed "Commercial Banks in the Four-County Area" was marked for identification G-184 (revised) and received in evidence.)

Now, with reference to G-187 there was a question about the number of banks with head offices in the four counties, and we are satisfied that our figures are accurate and have nothing further to say on that.

(Exhibit G-187 received in evidence.)

With reference to Government's Exhibit 197 and 198, the question was raised as to our addition of deposits and loans [fol. 4626] of merged banks, and we are satisfied that the arithmetic is correct and that the method is valid, and I might point out that at page 24 of the bank's application to merge—that is Government's Exhibit 57—the same mathematical addition was used, and we see no reason to change that.

The Court: That is one of the reliable parts?

Mr. Reyecraft: That is one of them, yes, sir.

(Exhibits G-197 and G-198 admitted in evidence.)

Now, with further reference to Mr. Degnan's statement, I understand that references were made to the names of customers in the following exhibits:

21-A, 67, 68, 69, 123, 125, 132, 133, 134, 135, 136, 141, 146,

200, 201, 220 and 227, and we have no objection to the exhibits without the names being substituted. I understand that the banks are going to make the substitution.

(Exhibits to be substituted for G-21-A, 67, 68, 69, 123, 125, 132, 133, 134, 135, 136, 141, 146, 201, 200, 220 and 227.)

[fol. 4627] That is as to all except G-67, G-28, and G-29, which my associates have taken up with the attorneys for the banks, and I will now hand these to the reporter.

(Exhibits G-67, G-68, and G-69 handed to the reporter to be substituted for previous Exhibits G-67, G-68 and G-69.)

The Court: You have inked out the name of the customer?

Mr. Reycraft: Yes, sir.

The Court: That is fine. These can now be public.

Mr. Reycraft: I understand that there is no objection to their being part of the public record.

The Court: All right.

#### • OFFERS IN EVIDENCE

Mr. Reycraft: With reference to the exhibits which were marked by the Government during the defendant's case, G-246 to G-255, we now offer them in evidence.

The Court: They will be received.

(Exhibits G-246 to G-255 inclusive, received in evidence.)

Mr. von Starck: To complete this, may we have back from the Government the keys to D-26 and G-245, which gave to the Government the names of the customers who appeared as numbers or letters on those exhibits?

Mr. Reycraft: We would like to keep those—and we, [fol. 4628] of course, are instructed by the Court and intend to abide by the instruction not to disclose it—for the purpose of comparing, for example, when one customer appears in two places.

The Court: At this stage, Mr. von Starck, I would refuse your request because there is a lot of work still to be done here, and they really are entitled to their use.

Mr. von Starck: Could we get them back contemporaneously with the filing of the briefs?

Mr. Reycraft: I am not sure about that. I have no objection whatever to giving them back to you—

The Court: We are going to meet one day with you soon. They are under instructions not to disclose them except among themselves, this team of lawyers of the Department of Justice. They are not to be exhibited to anybody else. I feel that they are entitled to them for such use as they may need in comparison, and I can see a valid use of them without disclosure; so, consequently, I wouldn't require their return at this point. They may even need them in the oral argument before me. I see every valid reason why they should retain them, Mr. von Starck.

Mr. von Starck: All right, sir.

[fol. 4629] The Court: I ask you, however, not to make any copies of reproductions of them.

Mr. Reycraft: I don't see any need to. Whether we do have one or two copies now, I don't know.

The Court: Don't increase them, and keep them available for return if the order should come.

Mr. Reycraft: That is no problem.

Mr. von Starck: In addition, Your Honor, could we have at least 24 hours to check over the details of the new revised exhibits that Mr. Reycraft is now substituting?

The Court: Yes, certainly.

Mr. Reycraft: I would like to make one brief statement with reference to Government's Exhibit 245, which is a series of appendices numbered consecutively from 1 through 86.

The Court: A series of what?

Mr. Reycraft: Appendices to another document which was handed to us by the Philadelphia National Bank on June 26, 1961, pursuant to instructions from the Court, and I would like to state that each of the appendices relates to a borrower who has obtained commercial or industrial loans or lines of credit from commercial banks outside of [fols. 4630-5636] Philadelphia in the past five years and identifies the banks from which such loans or lines of credit were obtained; and of the 86 companies represented in G-245, they are part of a more complete list of over 526 borrowers from the Philadelphia National Bank which we did not put in the record for purposes of volume, in other words, to reduce the volume, but the information was furnished by the Philadelphia National Bank in response to question 6 of the questions propounded by the Govern-

ment to the defendant, which is marked as G-147, and the corresponding answer of the Girard Trust Corn Exchange Bank in question 6 is Government's Exhibit 200, and we close. We have nothing further.

The Court: The Government has rested.

Mr. Price: I have nothing more.

Mr. Littleton: We have nothing more.

The Court: The Government has rested, Philadelphia National has rested, and Girard Trust has rested.

Gentlemen, I have the schedules here, and I will see you as the schedules require.

(Adjourned at 12:15 P.M.)

[fol. 5637]

## GOVERNMENT'S EXHIBIT 1 (S)

TABLE 1

Number of Banking Offices of Commercial Banks with Head Offices in Philadelphia, Montgomery, Delaware and Bucks Counties in Pennsylvania

Bank	Number of Banking Offices	Per cent of Total
The Philadelphia National Bank.....	27	9.5
Girard Trust Corn Exchange Bank.....	38	13.4
Total Phila. Natl. Bank and Girard Trust.....	65	22.9
First Pennsylvania Bank & Trust Co., Phila.....	38	13.4
Provident Tradesmens Bank & Trust Co., Phila.....	20	7.0
Fidelity-Philadelphia Trust Co., Phila.....	27	9.5
Central-Penn National Bank, Phila.....	18	6.3
Broad Street Trust Co., Phila.....	16	5.6
Liberty Real Estate Bank & Trust Co., Phila.....	9	3.2
Nine other commercial banks with head offices in Philadelphia <sup>1</sup> .....	23	8.1
Montgomery County Bank & Trust Co., Norristown..	11	3.9
Fifteen other commercial banks with head offices in Montgomery County <sup>2</sup> .....	33	11.6
Delaware County National Bank, Chester.....	9	3.2
Nine commercial banks with head offices in Bucks County <sup>3</sup> .....	15	5.3
Total <sup>3</sup> .....	284	100.0

Sources: Data for The Philadelphia National Bank and Girard Trust Corn Exchange Bank were secured from these defendant banks' answers to the Government's complaint. These answers were dated 3/10/1961.

Data for all other banks were secured from the Report by the Board of Governors of the Federal Reserve System to the Comptroller of the Currency under Section 18(c) of the Federal Deposit Insurance Act on this proposed consolidation. This Report was transmitted to the Acting Assistant Attorney General of the Antitrust Division, Department of Justice on 3/1/1961. The bank office data were as of 10/3/1960.

[FOOTNOTE ON PAGE 2348]



## [FOOTNOTE FROM PAGE 2347]

[fol. 5638]

<sup>1</sup> Includes: Citizens and Southern Bank; Frankford Trust Company; Industrial Trust Company; Second National Bank of Philadelphia; Sonstaly Bank and Trust Company; Pennsylvania Warehousing and Safe Deposit Company; Finance Company of Pennsylvania (Industrial bank); The Marian Bank (Private bank); Brown Brothers Harriman and Company (Private bank. This firm's head office is in New York but it has a major office in Philadelphia.)

<sup>2</sup> Includes: Bridgeport National Bank; Cheltenham National Bank; Elkins Park National Bank; Harleysville National Bank; Peoples National Bank of Norristown; National Bank of Royersford; National Bank & Trust Co. of Schwenksville; Peoples National Bank of Souderton; Union National Bank & Trust Co. (Souderton); Jenkintown Bank & Trust Co.; Bryn Mawr Trust Company; Security Trust of Pottstown; Bank of Old York Road (Willow Grove); Collegeville National Bank; Perkiomen National Bank of East Greenville.

<sup>3</sup> Includes: Chalfont National Bank; Doylestown National Bank & Trust Co.; Solebury National Bank of New Hope; First National Bank & Trust Co. of Newtown; Quakertown National Bank; First National Bank of Riegelsville; Bucks County Bank & Trust Co. (Perkasie); Doylestown Trust Co.; Morrisville Bank.

<sup>4</sup> Table does not include First Camden National Bank & Trust Company which has one office in Philadelphia nor National Bank of Chester County and Trust Company which has one office in Delaware County.

[fol. 5639]

## GOVERNMENT'S EXHIBIT 2 (S)

TABLE 2

Comparison of Total Deposits and Deposits of Individuals, Partnerships and Corporations of the Philadelphia National Bank and Girard Trust Corn Exchange Bank with Such Deposits of all Commercial Banks with Head Offices in Philadelphia, Montgomery, Delaware and Bucks Counties in Pennsylvania as of October 3, 1960.

Bank	Total Deposits (000 Omitted)	Percent of Total of 4 Counties	IPC Deposits (000 Omitted)	Percent Total of 4 Counties
The Philadelphia National Bank	\$ 986,634	21.3	\$ 603,534	16.8
Girard Trust Corn Exchange Bank	668,823	14.5	560,039	15.6
First Pennsylvania Banking & Trust Co., Phila.	\$1,655,457	35.8	\$1,163,573	32.4
Provident Tradesmens Bank & Trust Co., Phila.	1,021,841	22.1	761,055	21.1
Fidelity-Philadelphia Trust Co., Phila.	457,082	9.9	378,294	10.5
Central-Penn National Bank, Phila.	431,013	9.3	358,408	9.9
Broad Street Trust Co., Phila.	241,506	5.2	205,823	5.7
Liberty Real Estate Bank & Trust Co., Phila.	132,220	2.9	115,598	3.2
Nine other commercial banks with head offices in Phila.	93,599	2.0	85,747	2.4
Montgomery County Bank & Trust Co., Norristown (Montgomery County)	146,948	3.2	134,535	3.8
Fifteen other commercial banks with head offices in Montgomery County	85,165	1.8	78,825	2.2
Delaware County National Bank, Chester (Delaware County)	190,474	4.1	174,574	4.9
Nine commercial banks with head offices in Bucks County	72,948	1.6	55,096	1.5
	94,754	2.1	87,173	2.4
Total	\$4,623,007	100.0	\$3,598,701	100.0

[ FOOTNOTE ON PAGE 2350 ]

[FOOTNOTE FROM PAGE 2349]

[fol. 56-40]

Sources: Report by the Board of Governors of the Federal Reserve System to the Comptroller of the Currency under Section 18(c) of the Federal Deposit Insurance Act on this proposed consolidation, p. 6. This Report was transmitted to the Acting Assistant Attorney General of the Antitrust Division, Department of Justice on 3/1/1961.

<sup>1</sup> Includes: Citizens and Southern Bank; Frankford Trust Company; Industrial Trust Company; Second National Bank of Philadelphia; Sonzitaly Bank and Trust Company; Pennsylvania Warehousing and Safe Deposit Company; Finance Company of Pennsylvania (Industrial bank); The Marian Bank (Private bank); Brown Brothers Harriman and Company (Private bank). This firm's head office is in New York but it has a major office in Philadelphia. Only the deposits of this firm's Philadelphia office are included.)

<sup>2</sup> Includes: Bridgeport National Bank; Cheltenham National Bank; Collegeville National Bank; Perkiomen National Bank of East Greenville; Elkins Park National Bank; Harleysville National Bank; Peoples National Bank of Norristown; National Bank of Royersford; National Bank & Trust Co. of Schwenksville; Peoples National Bank of Souderton; Union National Bank & Trust Co. (Souderton); Jenkintown Bank & Trust; Bryn Mawr Trust Company; Security Trust of Pottstown; Bank of Old York Road (Willow Grove).

<sup>3</sup> Includes: Chalfont National Bank; Doylestown National Bank & Trust Co.; Solebury National Bank of New Hope; First National Bank & Trust Co. of Newtown; Quakertown National Bank; First National Bank of Riegelsville; Bucks County Bank & Trust Co. (Perkasie); Doylestown Trust Co.; Morrisville Bank.

<sup>4</sup> Table does not include First Camden National Bank and Trust Company which has one office in Philadelphia nor National Bank of Chester County and Trust Company which has one office in Delaware County.

[fol. 5641]

## GOVERNMENT'S EXHIBIT 3 (S)

TABLE 3

Comparison of Total Net Loans of the Philadelphia National Bank and Girard Trust Corn Exchange Bank With Such Loans of all Commercial Banks With Head Offices in Philadelphia, Montgomery, Delaware and Bucks Counties in Pennsylvania as of October 3, 1960.

Bank	Total Loans (000) Omitted	Percent of Total of 4 Counties
The Philadelphia National Bank	\$ 548,598	19.8
Girard Trust Corn Exchange Bank	406,600	14.6
	\$ 955,258	34.4
First Pennsylvania Banking & Trust Co., Philadelphia	658,718	23.8
Provident Tradesmens Bank & Trust Co., Philadelphia	282,064	10.2
Fidelity-Philadelphia Trust Co., Philadelphia	252,794	9.1
Central-Penn National Bank, Philadelphia	165,446	6.0
Broad Street Trust Co., Philadelphia	99,102	3.6
Liberty Real Estate Bank & Trust Co., Philadelphia	61,687	2.2
Nine other commercial banks with head offices in Philadelphia <sup>1</sup>	80,817	2.9
Montgomery County Bank & Trust Co., Norristown (Montgomery County)	42,195	1.5
Fifteen other commercial banks with head offices in Montgomery County <sup>2</sup>	97,519	3.5
Delaware County National Bank, Chester (Delaware County)	27,715	1.0
Nine commercial banks with head offices in Bucks County <sup>3</sup>	50,934	1.8
Total <sup>4</sup>	\$2,774,249	100.0

[fol. 5642]

Sources: Report by the Board of Governors of the Federal Reserve System to the Comptroller of the Currency under Section 18(c) of the Federal Deposit Insurance Act on this proposed consolidation, p. 7. This Report was transmitted to the Acting Assistant Attorney General of the Antitrust Division, Department of Justice on 3/1/1961.

<sup>1</sup> Includes: Citizens and Southern Bank; Frankford Trust Company; Industrial Trust Company; Second National Bank of Philadelphia; Sonsitaly Bank and Trust Company; Pennsylvania Warehousing and Safe Deposit Company; Finance Company of Pennsylvania (Industrial Bank); The Marian Bank (Private bank); Brown Brothers Harriman and Company (Private bank. This firm's head office is in New York but it has a major office in Philadelphia. Only the loans of this firm's Philadelphia office are included.)

<sup>2</sup> Includes: Bridgeport National Bank; Cheltenham National Bank; Collegeville National Bank; Perkiomen National Bank of East Greenville; Elkins Park National Bank; Harleysville National Bank; Peoples National Bank of Norristown; National Bank of Royersford; National Bank & Trust Co. of Schwenksville; Peoples National Bank of Souderton; Union National Bank & Trust Co. (Souderton); Jenkintown Bank & Trust; Bryn Mawr Trust Company; Security Trust of Pottstown; Bank of Old York Road (Willow Grove).

<sup>3</sup> Includes: Chalfont National Bank; Doylestown National Bank & Trust Co.; Solebury National Bank of New Hope; First National Bank & Trust Co. of Newtown; Quakertown National Bank; First National Bank of Riegelsville; Bucks County Bank & Trust Co. (Perkasie); Doylestown Trust Co.; Morrisville Bank.

<sup>4</sup> Table does not include First Camden National Bank and Trust Company which has one office in Philadelphia nor National Bank of Chester County and Trust Company which has one office in Delaware County.

[fol. 5643]

## GOVERNMENT'S EXHIBIT 4 (S)

TABLE 4

Comparison of Capital Funds of the Philadelphia National Bank and Girard Trust Corn Exchange Banks With Such Capital of all Commercial Banks With Head Offices in Philadelphia, Montgomery, Delaware and Bucks Counties in Pennsylvania as of October 3, 1960.

Bank	Total Capital (000)	Percent of Total of
	Omitted	4 Counties
The Philadelphia National Bank	\$ 94,590	19.6
Girard Trust Corn Exchange Bank	74,981	15.5
	\$ 169,571	35.1
First Pennsylvania Banking & Trust Co., Philadelphia	95,314	19.7
Provident Tradesmens Bank & Trust Co., Philadelphia	57,776	12.0
Fidelity-Philadelphia Trust Co., Philadelphia	43,702	9.0
Central-Penn National Bank, Philadelphia	25,079	5.2
Broad Street Trust Co., Philadelphia	12,560	2.6
Nine other commercial banks with head offices in Philadelphia <sup>1</sup>	24,529	5.1
Liberty Real Estate Bank & Trust Co., Philadelphia	8,997	1.9
Montgomery County Bank & Trust Co., Norristown (Montgomery County)	10,043	2.1
Fifteen other commercial banks with head offices in Montgomery County <sup>2</sup>	20,411	4.2
Delaware County National Bank, Chester (Delaware County)	4,182	.9
Nine commercial banks with head offices in Bucks County <sup>3</sup>	10,676	2.2
Total <sup>4</sup>	\$ 482,840	100.0

[fol. 5644]

Sources: Report by the Board of Governors of the Federal Reserve System to the Comptroller of the Currency under Section 18(c) of the Federal Deposit Insurance Act on this proposed consolidation, p. 7. This Report was transmitted to the Acting Assistant Attorney General of the Antitrust Division, Department of Justice on 3/1/1961.

<sup>1</sup> Includes: Citizens and Southern Bank; Frankford Trust Company; Industrial Trust Company; Second National Bank of Philadelphia; Sonsitaly Bank and Trust Company; Pennsylvania Warehousing and Safe Deposit Company; Finance Company of Pennsylvania (Industrial bank); The Marian Bank (Private bank); Brown Brothers Harriman and Company (Private bank. This firm's head office is in New York but it has a major office in Philadelphia.)

<sup>2</sup> Includes: Bridgeport National Bank; Cheltenham National Bank; Collegeville National Bank; Periomem National Bank of East Greenville; Elkins Park National Bank; Harleysville National Bank; Peoples National Bank of Norristown; National Bank of Royersford; National Bank & Trust Co. of Schwenksville; Peoples National Bank of Souderton; Union National Bank & Trust Co. (Souderton); Jenkintown Bank & Trust; Bryn Mawr Trust Company; Security Trust of Pottstown; Bank of Old York Road (Willow Grove).

<sup>3</sup> Includes: Chalfont National Bank; Doylestown National Bank & Trust Co.; Solebury National Bank of New Hope; First National Bank & Trust Co. of Newtown; Quakertown National Bank; First National Bank of Riegelsville; Bucks County Bank & Trust Co. (Perkasie); Doylestown Trust Co.; Morrisville Bank.

<sup>4</sup> Table does not include First Camden National Bank and Trust Company which has one office in Philadelphia nor National Bank of Chester County and Trust Company which has one office in Delaware County.



[Vol. 5645]

## GOVERNMENT'S EXHIBIT 5

TABLE 5

Comparison of Deposits Due to Banks in the Philadelphia National Bank and Girard Trust Corn Exchange Bank With Such Deposits of the Principal Other Commercial Banks in Philadelphia Holding Such Deposits as of October 3, 1960

Bank	Deposits Due to Banks (000) Omitted)	Percent of Total of 4 Counties <sup>1</sup>
The Philadelphia National Bank	\$ 208,012	39.0
Girard Trust Corn Exchange Bank	55,099	10.3
	<hr/> \$ 263,111	<hr/> 49.3
First Pennsylvania Banking & Trust Co., Philadelphia	176,480	33.1
Fidelity-Philadelphia Trust Co., Philadelphia	40,049	7.6
Provident Tradesmens Bank & Trust Co., Philadelphia	38,341	7.2
Central-Penn National Bank, Philadelphia	15,228	2.8
	<hr/> \$ 533,209	<hr/> 100.0

*Source:* Report by the Board of Governors of the Federal Reserve System to the Comptroller of the Currency under Section 18(c) of the Federal Deposit Insurance Act on this proposed consolidation, p. 7. This Report was transmitted to the Acting Assistant Attorney General of the Antitrust Division, Department of Justice on 3/1/1961.

<sup>1</sup> The Report of the Board of Governors of the Federal Reserve System states that the amount of such deposits in Philadelphia is significant in only the above six banks.

TABLE 6

Analysis of Loans of the Philadelphia National Bank and Girard Trust Corn Exchange Bank and Comparison of Their  
in Philadelphia and With Total Loans of Commercial Banks with Head Offices in Philadelphia, Delaware, Montgo

	Thousands of Dollars			
	Philadelphia National Bank	Girard Trust Corn Exchange Bank	Phila. Nat. & Girard Combined	Total Commer. Banks in Phila.
1. Real Estate Loans				
(a) Secured by farm land (including improvements)	\$ 1,094	\$ 11	\$ 1,105	\$ 2,028
(b) Secured by residential non-farm prop. and insured by FHA	10,711	4,958	15,669	40,989
(c) Secured by residential non-farm prop. and insured or guar. by VA	7,988	3,382	11,370	18,673
(d) Secured by residential non-farm prop. and not insured or guar. by FHA or VA	18,201	12,038	30,239	82,956
(e) Secured by non-farm Non-residential properties	24,871	12,319	37,190	85,921
Total Real Estate Loans	62,865	32,708	95,573	230,569
2. Loans to Financial Institutions				
(a) To domestic commercial and foreign banks	14,312	4,931	19,243	22,398
(b) To other financial institutions	52,213	26,683	78,896	233,810
Total Loans to Financial Institutions	66,525	31,614	98,139	256,208
3. Loans for Purchasing or Carrying Securities				
(a) To brokers and dealers	213	2,809	3,022	25,033
(b) Other loans for purpose of purchase or carrying securities	1,602	904	2,506	70,073
Total Loans for Purchasing or Carrying Securities	1,815	3,713	5,528	95,106
4. Loans to Farmers (secured & unsecured, except loans secured by real estate above) <sup>1</sup>	164	87	251	606
5. Commercial and Industrial Loans (secured or unsecured, except loans secured by real estate above)	295,514	200,427	495,941	1,161,350
6. Loans to Individuals for Household, Family and Other Pers. Expend. (excl. business, farmer and real estate loans)				
(a) To purchase private passenger autos on installments (incl. purchased paper)	18,407	9,642	28,049	217,824
(b) To purchase other retail consumer goods on installments (incl. purchased paper)	19,122	10,588	29,710	71,916
(c) Installment loans to repair and modernize residential property	10,692	12,210	22,902	85,270
(d) Other installment loans for household, family & personal expenditures	13,102	17,854	30,956	121,727
(e) Single-payment loans for household, family & personal expenditures	24,204	70,871	95,075	228,103
Total loans to Individuals for Household, Family & Other Per. Expend.	85,527	121,165	206,692	724,840
7. All Other Loans (Including overdrafts)	11,640	12,246	23,886	57,432
8. Total Gross Loans and Discounts	525,050	401,962	927,012	2,526,110
9. Less: Reserve for bad debts, unallocated chargeoffs and other valuation reserves	18,284	9,255	27,539	74,974
10. Total Net Loans and Discounts	\$506,766	\$392,707	\$899,473	\$2,451,137

Sources: Reports of Condition of The Philadelphia National Bank, Girard Trust Corn Exchange Bank and Second National Bank of Philadelphia; Summary of each Montgomery, and Bucks Counties, Pennsylvania prepared by Federal Reserve Bank of Philadelphia; and Summary of the same items appearing on Reports of Condition of the Commonwealth of Pennsylvania for Philadelphia, Montgomery and Bucks Counties, Pennsylvania. There were no state non-member banks in Delaware bank with headquarters in New York and an office in Philadelphia.

<sup>1</sup> All loans to farmers under line 4 classifications on Schedule A were in the 4(b) "Other loans to farmers" category.

<sup>2</sup> Includes the following banks: \*Philadelphia; Broad Street Trust Co.; Citizens & Southern Bank; Frankford Trust Co.; Industrial Trust Co.; Liberty Real Estate Trust Co.; First Pennsylvania Banking & Trust Co.; Girard Trust Corn Exchange Bank; Philadelphia National Bank; Provident Tradesmens Bank & Trust Co.; M of East Greenville; Elkins Park National Bank; Harleysville National Bank & Trust Co.; Jenkintown Bank & Trust Co.; Montgomery County Bank & Trust Co.; & Trust Co. of Schwenksville; Peoples National Bank of Souderton; Union National Bank & Trust Co. of Souderton; Bryn Mawr Trust Co.; Security Trust Co.; Pe Doylestown National Bank & Trust Co.; Solebury National Bank of New Hope; First National Bank & Trust Co. of Newtown; Bucks County Bank & Trust Co.; Pe Does not include Finance Company of Penna., Phila.; Pennsylvania Warehousing & Safe Deposit Co., Phila.; Brown Brothers Harriman & Co., New York, Boston & Trust Co., which has one office in Delaware County.

\* Second National Bank of Phila.

## GOVERNMENT'S EXHIBIT 6 (S)

TABLE 6

the Philadelphia National Bank and Girard Trust Corn Exchange Bank and Comparison of Their Combined Loans with Total Loans of Commercial Banks with Head Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania, as of June 15, 1960.

	Thousands of Dollars					Per Cent of Total Commer. Banks in Philadelphia			Per Cent of Total Commer. Banks in 4 Counties			Phila. Nat. & Girard Combined
	Philadelphia National Bank	Girard Trust Corn Exchange Bank	Phila. Nat. & Girard Combined	Total Commer. Banks in Phila.	Total Commer. Banks in 4 Counties	Philadelphia National Bank	Girard Trust Corn Exchange Bank	Phila. Nat. & Girard Combined	Philadelphia National Bank	Girard Trust Corn Exchange Bank		
.....	\$ 1,094	\$ 11	\$ 1,105	\$ 2,028	\$ 5,610	53.9	0.5	54.5	19.5	0.2		19.7
VA.....	10,711	4,958	15,669	40,989	44,417	26.1	12.1	38.2	24.1	11.2		35.3
y FHA or VA.....	7,988	3,382	11,370	18,673	27,452	42.8	18.1	60.9	29.1	12.3		41.4
.....	18,201	12,038	30,239	82,956	124,816	22.0	14.5	36.5	14.6	9.6		24.2
.....	24,871	12,319	37,190	85,923	110,725	29.0	14.3	43.3	22.5	11.1		33.6
.....	62,865	32,708	95,573	230,569	313,020	27.3	14.2	41.5	20.1	10.4		30.5
.....	14,312	4,931	19,243	22,398	22,398	63.9	22.0	85.9	63.9	22.0		85.9
.....	52,213	26,683	78,896	233,810	239,502	22.3	11.4	33.7	21.8	11.1		32.9
.....	66,525	31,614	98,139	256,208	261,900	26.0	12.3	38.3	25.4	12.1		37.5
.....	213	2,809	3,022	25,033	25,998	0.9	11.2	12.1	0.8	10.8		11.6
.....	1,602	904	2,506	70,073	70,588	2.3	1.3	3.6	2.3	1.3		3.6
.....	1,815	3,713	5,528	95,106	95,586	1.9	3.9	5.8	1.9	3.8		5.7
Real estate above).....	164	87	251	606	3,355	27.1	14.3	41.4	4.9	2.6		7.5
Loans secured by real estate.....	295,514	200,427	495,941	1,161,350	1,215,316	25.4	17.3	42.7	24.3	16.6		40.8
Loans (excl. business, farmer.....												
Used paper).....	18,407	9,642	28,049	217,824	239,154	8.5	4.4	12.9	7.7	4.0		11.7
Purchased paper).....	19,122	10,588	29,710	71,916	75,518	26.6	14.7	41.3	25.3	14.0		39.3
.....	10,692	12,210	22,902	85,270	89,197	12.5	14.3	26.8	12.0	13.7		25.7
.....	13,102	17,854	30,956	121,727	138,936	10.7	14.7	25.4	9.4	12.9		22.3
.....	24,204	70,871	95,075	228,103	246,152	10.6	31.1	41.7	9.8	28.8		38.6
.....	85,527	121,165	206,692	724,840	788,957	11.8	16.7	28.5	10.8	15.4		26.2
.....	11,640	12,246	23,886	57,432	63,794	20.3	21.3	41.6	18.2	19.2		37.4
.....	525,050	401,962	927,012	2,526,110	2,742,927	20.8	15.9	36.7	19.1	14.7		33.8
.....	18,284	9,255	27,539	74,974	77,848	24.4	12.3	36.7	26.5	11.9		35.4
.....	\$506,766	\$392,707	\$899,473	\$2,451,137	\$2,665,080	20.7	16.0	36.7	19.0	14.7		33.7

1 Trust Corn Exchange Bank and Second National Bank of Philadelphia; Summary of each item appearing on Schedule A of Reports of Condition by federal reserve member banks for Philadelphia, Delaware and Pennsylvania; and Summary of the same items appearing on Reports of Condition by banks which were not members of the federal reserve system reported to and compiled by the Department of Banking and Finance, Pennsylvania. There were no state non-member banks in Delaware County, Pennsylvania. The Pennsylvania summary does not include Brown Brothers, Harriman and Company, a private

the 4(b) "Other loans to farmers" category.

citizens & Southern Bank; Frankford Trust Co.; Industrial Trust Co.; Liberty Real Estate Bank & Trust Co.; Marian Bank; Sonsitaly Bank & Trust Co.; Central Penn National Bank of Phila.; Fidelity Philadelphia Exchange Bank; Philadelphia National Bank; Provident Tradesmens Bank & Trust Co.; Montgomery: Bridgeport National Bank; Cheltenham National Bank; Collegeville National Bank; Perkiomen National Bank & Trust Co.; Jenkintown Bank & Trust Co.; Montgomery County Bank & Trust Co.; Peoples National Bank of Norristown; Farmers National Bank of Pottsville; National Bank of Royersford; National Bank of Pottsville & Trust Co. of Souderton; Bryn Mawr Trust Co.; Security Trust Co.; Pottstown; Bank of Old York Road, Willow Grove; Bucks: Doylestown Trust Co.; Morrisville Bank; Chalfont National Bank; Pottsville; First National Bank & Trust Co. of Newtown; Bucks County Bank & Trust Co.; Perkasia; Quakertown National Bank; First National Bank of Riegelsville; Delaware: Delaware County National Bank, Chester. Banking & Safe Deposit Co., Phila.; Brown Brothers Harriman & Co., New York, Boston & Phila.; First Camden National Bank & Trust Co., which has one office in Phila.; nor National Bank of Chester County &





[fol. 5647]

## GOVERNMENT'S EXHIBIT 6-A

TABLE 6A

Percentage Analysis of Loans and Discounts of Philadelphia National Bank, Girard Trust Coin Exchange Bank and All Commercial Banks with Head Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania, as of June 15, 1960.

Loans and Discounts	Total Commercial Banks in 4 Counties		
	PNB Per Cent. of Total Loans	Girard	4 Counties
1. Real Estate Loans			
(a) Secured by farm lands	0.2	*	0.2
(b) Secured by real, non-farm prop. and insured FHA	2.1	1.3	1.7
(c) Secured by real, non-farm prop. insured or guar. by VA	1.6	0.9	1.0
(d) Secured by real, non-farm prop. not FHA or VA	3.6	3.1	4.7
(e) Secured by non-farm, non-real. properties, FHA or VA	4.9	3.1	4.2
Total	12.4	8.3	11.7
2. Loans to Financial Institutions			
(a) To dom., commercial & foreign banks	2.8	1.3	0.8
(b) To other financial institutions	10.3	6.8	9.0
Total	13.1	8.1	9.8
3. Loans for Purchasing or Carrying Securities			
(a) To brokers and dealers	*	0.7	1.0
(b) Other loans for purpose of purchase or carrying securities	0.3	0.2	2.6
Total	0.4	0.9	3.6
4. Loans to Farmers (secured or unsecured, except loans secured by real estate above) <sup>1</sup>	*	*	0.1
5. Commercial and Industrial Loans (secured or unsecured, except loans secured by real estate above)	58.3	51.0	45.6
6. Loans to Indiv. for Household, family & other pers. expend. (excl. business, farmer & real estate loans)			
(a) To pur. pvt. pass. autos on installments (inc. purchased paper)	3.6	2.5	9.0
(b) To pur. other retail consumer goods on installments (inc. purchased paper)	3.8	2.7	2.8
(c) Installment loans to repair & modernize residential property	2.1	3.1	3.3
(d) Other install. loans for Household, family & other per. expenditures	2.6	4.5	5.2
(e) Single payment loans for Household, family & other per. expenditures	4.8	18.0	9.2
Total	16.9	30.9	29.6
7. All Other Loans (inc. overdrafts)	2.3	3.1	2.4
8. Total Gross Loans and Discounts	103.6	102.4	102.9
9. Less: Reserve for bad debts, unallocated chargeoffs & other valuation reserves	3.6	2.4	2.9
10. Total Net Loans and Discounts	100.0	100.0	100.0

Source: Table 6.

\* Less than 0.05.

<sup>1</sup> All loans to farmers under line 4 classifications on Schedule A were in the 4(b), "Other loans to farmers" category.



GOVERNMENT'S EXHIBIT 7 (S)

### TABLE 7

Analysis of Deposits of the Philadelphia National Bank and Girard Trust Corn Exchange Bank and Comparison of Their Combined Deposits with Total Deposits of Commercial Banks with Head Offices in Philadelphia and with Total Deposits of Commercial Banks with Head Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania, as of

	Thousands of Dollars					Per Cent of Total Commer. Bank	
	Philadelphia National Bank	Girard Trust Corn Exchange Bank	Phila. Nat. & Girard Combined	Total Commer. Banks in Phila.	Total Commer. Banks in 4 Counties	Philadelphia National Bank	Girard Trust Corn Exchange Bank
<b>Demand Deposits</b>							
1. Deposits of Individuals, Partnerships and Corporations.....	\$509,561	\$445,201	\$ 954,762	\$2,581,536	\$2,798,478	19.8	17.2
2. Deposits of U. S. Government.....	45,741	23,304	69,045	163,193	171,413	28.0	14.3
3. Deposits of States and Political Subdivisions.....	37,622	6,767	44,389	90,856	107,994	41.4	7.4
4. Deposits of Banks in the United States.....	178,599	48,938	227,537	494,610	495,073	36.1	9.9
5. Deposits of Banks in Foreign Countries.....	18,208	4,486	22,694	NA	NA	NA	NA
6. Certified & Officers' Checks, Letters of Credit & Travelers' Checks Sold for Cash.....	7,212	4,782	11,994	37,432	40,361	19.3	12.8
7. Total Demand Deposits.....	796,942	533,478	1,330,420	3,393,752	3,640,443	23.5	15.7
<b>Time Deposits</b>							
1. Deposits of Individuals, Partnerships and Corporations.....	\$106,478	\$121,590	\$ 228,068	\$ 624,105	\$ 794,548	17.1	19.5
2. Deposits of U. S. Government and Postal Savings Deposits.....	0	7	7	504	554	0	1.4
3. Deposits of States and Political Subdivisions.....	4,897	3,543	8,440	27,746	30,663	17.6	12.8
4. Deposits of Banks in the United States.....	0	450	450	1,470	1,470	0	30.6
5. Deposits of Banks in Foreign Countries.....	12,950	2,750	15,700	NA	NA	NA	NA
6. Total Time Deposits.....	124,325	128,339	252,664	670,526	843,938	18.5	19.1
<b>Total Deposits.....</b>	<b>\$921,267</b>	<b>\$661,817</b>	<b>\$1,583,084</b>	<b>\$4,063,278</b>	<b>\$4,483,381</b>	<b>22.7</b>	<b>16.3</b>

\* Includes the following banks: Philadelphia: Broad Street Trust Company; Citizens and Southern Bank; Frankford Trust Company; Industrial Trust Company; Liberty Real Estate Bank and Trust Company; Municipal Bank of Philadelphia; Fidelity Philadelphia Trust Company; The First Pennsylvania Banking & Trust Company; Girard Trust Corn Exchange Bank; The Philadelphia National Bank; Provident Tradesmen Bank and Trust Company; The Bridgeport National Bank; The Cheltenham National Bank; Collegeville National Bank; The Perkiomen National Bank of East Greenville; The Elkins Park National Bank; Harleysville National Bank and Trust Company; The Montgomery County Bank and Trust Company; Norristown; Peoples National Bank of Norristown; Farmers National Bank of Pennsylvania; National Bank of Royersford; National Bank and Trust Company of Schwenk and Trust Company of Souderton; Bryn Mawr Trust Company; Security Trust Company, Pottstown; Bank of Old York Road, Willow Grove. Bucks County: Chalfont National Bank; Doylestown National Bank and Trust Company of Newtown; Bucks County Bank and Trust Company, Perkasie; Quakertown National Bank; First National Bank of Riegelsville; Doylestown Trust Company; Morrisville Bank. Delaware County: Does not include: Finance Company of Pennsylvania, Philadelphia; Pennsylvania Warehousing & Safe Deposit Co., Philadelphia; Brown Brothers Harriman and Company, New-York, Boston and Philadelphia; First Cal Philadelphia; nor National Bank of Chester County and Trust Company, which has one office in Delaware County.

Sources: Reports of Condition of The Philadelphia National Bank, Girard Trust Corn Exchange Bank and Second National Bank of Philadelphia; Summary of each item appearing on Schedules E and F of Reports of Condition of The Bank of Philadelphia; and Summary of comparable items appearing on Reports of Condition by banks which were not members of the Federal Reserve Bank of Philadelphia; and Summary of comparable items appearing on Reports of Condition by banks which were not members of the Federal Reserve Bank of Philadelphia; and Summary of comparable items appearing on Reports of Condition by banks which were not members of the Federal Reserve Bank of Philadelphia. There were no state non-member banks in Delaware County, Pennsylvania. The Pennsylvania summary of banking of the Commonwealth of Pennsylvania for Philadelphia, Montgomery and Bucks Counties, Pennsylvania. There were no state non-member banks in Delaware County, Pennsylvania. The Pennsylvania summary of banking of the Commonwealth of Pennsylvania for Philadelphia, Montgomery and Bucks Counties, Pennsylvania.

## GOVERNMENT'S EXHIBIT 7 (S)

TABLE 7

Analysis of Deposits of the Philadelphia National Bank and Girard Trust Corn Exchange Bank and Comparison of Their Combined Deposits with Total Deposits of Commercial Banks with Head Offices in Philadelphia and with Total Deposits of Commercial Banks with Head Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania, as of June 15, 1960. <sup>1</sup>

	Thousands of Dollars					Per Cent of Total Commer. Banks in Philadelphia			Per Cent of Total Commer. Banks in 4 Counties		Phila. Nat. & Girard Combined
	Philadelphia National Bank	Girard Trust Corn Exchange Bank	Phila. Nat. & Girard Combined	Total Commer. Banks in Phila.	Total Commer. Banks in 4 Counties	Philadelphia National Bank	Girard Trust Corn Exchange Bank	Phila. Nat. & Girard Combined	Philadelphia National Bank	Girard Trust Corn Exchange Bank	
<b>Demand Deposits</b>											
Deposits of Firms and Corporations	\$509,561	\$445,201	\$ 954,762	\$2,581,536	\$2,798,478	19.8	17.2	37.0	18.2	15.9	34.1
Subdivisions	45,741	23,304	69,045	163,193	171,413	28.0	14.3	42.3	26.7	13.6	40.3
States	37,622	6,767	44,389	90,856	107,994	41.4	7.4	48.8	34.8	6.3	41.1
Counties	178,599	48,938	227,537	494,610	495,073	36.1	9.9	46.0	36.1	9.9	46.0
Deposits of Credit & Travelers' Checks Sold for Cash	18,208	4,486	22,694	NA	NA	NA	NA	NA	NA	NA	NA
	7,212	4,782	11,994	37,432	40,361	19.3	12.8	32.1	17.4	11.6	29.0
	796,942	533,478	1,330,420	3,393,752	3,640,443	23.5	15.7	39.2	21.9	14.7	36.6
<b>Time Deposits</b>											
Deposits of Firms and Corporations	\$106,478	\$121,590	\$ 228,068	\$ 624,105	\$ 794,548	17.1	19.5	36.6	13.4	15.3	28.7
Postal Savings Deposits	0	7	7	504	554	0	1.4	1.4	0	1.3	1.3
Subdivisions	4,897	3,543	8,440	27,746	30,663	17.6	12.8	30.4	16.0	11.5	27.5
States	0	450	450	1,470	1,470	0	30.6	30.6	0	30.6	30.6
Counties	12,950	2,750	15,700	NA	NA	NA	NA	NA	NA	NA	NA
	124,325	128,339	252,664	670,526	843,938	18.5	19.1	37.6	14.7	15.2	29.9
	\$921,267	\$661,817	\$1,583,084	\$4,063,278	\$4,483,381	22.7	16.3	39.0	20.5	14.8	35.3

Philadelphia: Broad Street Trust Company; Citizens and Southern Bank; Frankford Trust Company; Industrial Trust Company; Liberty Real Estate Bank and Trust Company; Marian Bank; Sonsitaly Bank and Trust Company; Central Penn National Bank; The Cheltenham National Bank; The First Pennsylvania Banking & Trust Company; Girard Trust Corn Exchange Bank; The Philadelphia National Bank; Provident Tradesmens Bank & Trust Company; Second National Bank of Philadelphia. Montgomery: The Perkiomen National Bank of East Greenville; The Elkins Park National Bank; Harleysville National Bank and Trust Company; Jenkintown Bank and Trust Company; Peoples National Bank of Norristown; Farmers National Bank of Pennsburg; National Bank of Royersford; National Bank and Trust Company of Schwenksville; Peoples National Bank of Souderton; Union National Bank of Mawr Trust Company; Security Trust Company, Pottstown; Bank of Old York Road, Willow Grove. Bucks County: Chalfont National Bank; Doylestown National Bank and Trust Company; Solebury National Bank of New Hope; First National Bucks County Bank and Trust Company, Perkasie; Quakertown National Bank; First National Bank of Riegelsville; Doylestown Trust Company; Morrisville Bank. Delaware County: Delaware County National Bank, Chester. Pennsylvania, Philadelphia; Pennsylvania Warehousing & Safe Deposit Co., Philadelphia; Brown Brothers Harriman and Company, New York, Boston and Philadelphia; First Camden National Bank and Trust Company, which has one office in Chester County and Trust Company, which has one office in Delaware County.

Philadelphia National Bank, Girard Trust Corn Exchange Bank and Second National Bank of Philadelphia; Summary of each item appearing on Schedules E and F of Reports of Condition by federal reserve member banks for Philadelphia, Delaware and Pennsylvania prepared by Federal Reserve Bank of Philadelphia; and Summary of comparable items appearing on Reports of Condition by banks which were not members of the federal reserve system reported to and compiled by the Department of Pennsylvania for Philadelphia, Montgomery and Bucks Counties, Pennsylvania. There were no state non-member banks in Delaware County, Pennsylvania. The Pennsylvania summary does not include Brown Brothers Harriman and Company, a New York and an office in Philadelphia.

[fol. 5649]

## GOVERNMENT'S EXHIBIT 7-A

TABLE 7A

Analysis of Deposits of Philadelphia National Bank, Girard Trust Corn Exchange Bank and All Commercial Banks with Head Offices in Philadelphia, Delaware, Montgomery & Bucks Counties, Pennsylvania, as of June 15, 1960.

Demand Deposits	PNB Per Cent of Total	Girard Per Cent of Total	Total Four Counties Deposits
Deposits of Individuals, Partnerships & Corporations	55.3	67.3	62.4
Deposits of United States Government	5.0	3.5	3.8
Deposits of States & Political Subdivisions	4.1	1.0	2.4
Deposits of Banks in the United States	19.4	7.4	11.0
Deposits of Banks in Foreign Countries	2.0	0.7	NA
Certified & Officers' Checks, Letters of Credit and Travelers' Checks sold for Cash	0.8	0.7	0.9
Total Demand Deposits	86.5	80.6	81.2
Time Deposits			
Deposits of Individuals, Partnerships & Corporations	11.6	18.4	17.7
Deposits of U. S. Govt. & Postal Savings Deposits	0	*	*
Deposits of States & Political Subdivisions	0.5	0.5	0.7
Deposits of Banks in the United States	0	0.1	*
Deposits of Banks in Foreign Countries	1.4	0.4	NA
Total Time Deposits	13.5	19.4	18.8
Total Demand & Time Deposits of Individuals, Partnerships & Corporations	66.9	85.6	80.1
Total Deposits	100.0	100.0	100.0

Source: Table 7.

\* Less than 0.05.

[opl. 5650]

## GOVERNMENT'S EXHIBIT 8 (S)

TABLE 8

Comparison of Total Assets of The Philadelphia National Bank and Girard Trust Corn Exchange Bank with Total Assets of All Commercial Banks with Main Offices in Philadelphia and with Total Assets of All Commercial Banks with Main Offices in Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania.

As of June 30, 1960

	Thousands of Dollars	Per Cent of All Commercial Banks in Phila.	Per Cent of All Commercial Banks in 4 Counties
Philadelphia National Bank	\$1,086,147	23.1	21.0
Girard Trust Corn Exchange	757,572	16.1	14.7
Phila. Nat. & Girard Combined	1,843,719	39.2	35.7
All Commercial Banks in Phila.	4,698,276	100.0	90.9
All Commercial Banks in 4 counties	5,169,361		100.0

Source: Polk's Bank Directory, 132nd Edition, September 1960, R. L. Polk & Co., Nashville, Tenn.



## GOVERNMENT'S EXHIBIT 9 (S) Revised

TABLE 9 (Revised)

Analysis of Commercial and Industrial Loans of Philadelphia National Bank As of October 5, 1955 by Location of Borrower

	Loans \$1-\$49,999			Loans \$50,000-\$99,999		
	Value	No. of Loans	%	Value	No. of Loans	%
	Dollars (000's)	No.	%	Dollars (000's)	No.	%
Philadelphia	\$3,202	263	42.6	\$2,618	43	48.9
Mont., Del. & Bucks Counties	1,475	182	29.5	405	7	8.0
Total Phila., Mont., Del. & Bucks Counties	4,677	445	72.1	3,024	50	56.9
Chester County, Pa.	58	5	0.8	0	0	0
Other Counties, Pa.	491	27	4.4	833	13	14.8
Mercer, Burl., Camden, Salem & Glouc. Counties, N. J.	214	16	2.6	50	1	1.1
Other Counties, N. J.	325	26	4.2	202	3	3.4
New Castle County, Del.	45	1	0.2	0	0	0
Other Counties, Del.	26	3	0.5	0	0	0
All Other Locations	1,337	94	15.2	1,246	21	23.9
Total	7,173	617	100.0	5,356	88	100.0



[of 563]

	Loans \$100,000-\$249,999			Loans \$250,000-\$499,999		
	Value	No. of Loans		Value	No. of Loans	
	Dollars (000's)	%	No.	Dollars (000's)	%	No.
Philadelphia.....	\$4,432	48.8	35	\$3,271	44.9	10
Mont. Del. & Bucks Counties.....	840	9.2	5	846	11.6	3
Total Phila., Mont., Del. & Bucks Counties.....	5,272	58.0	40	4,117	56.5	13
Chester County, Pa.....	132	1.5	1	0	0	0
Other Counties, Pa.....	560	6.2	5	500	6.9	2
Mercer, Burl., Camden, Salem & Glous. Counties, N. J.....	0	0	0	0	0	0
Other Counties, N. J.....	353	3.9	3	450	6.2	1
New Castle County, Del.....	157	1.7	1	0	0	0
Other Counties, Del.....	0	0	0	0	0	0
All Other Locations.....	2,609	28.7	19	2,225	30.5	7
Total.....	9,084	100.0	69	7,282	100.0	23

[Vol. 56:53]

	Loans \$500,000-\$999,999			Loans \$1,000,000 or more		
	Value		No. of Loans	Value		No. of Loans
	Dollars (000's)	%		Dollars (000's)	%	
Philadelphia						
Mont., Del. & Bucks Counties	\$4,915	27.8	8	\$37,477	52.6	25
Total Phila., Mont., Del. & Bucks Counties	2,059	11.7	3	2,800	4.9	2
	6,974	39.5	11	40,277	56.5	27
Chester County, Pa.	1,520	8.6	2			
Other Counties, Pa.	2,433	13.8	4	2,425	3.4	2
Mercer, Burl., Camden, Salem & Glous. Counties, N. J.	1,584	9.0	2	2,431	3.4	1
New Castle County, Del.	540	3.1	1	2,375	3.3	2
Other Counties, Del.	750	4.2	1	0	0	0
All Other Locations	0	0	0	1,450	2.1	1
Total	\$1,850	21.8	6	0	0	0
	17,651	100.0	27	22,300	31.3	14
				71,268	100.0	47

Source: Government Exhibit 9 F, a schedule of loans of Philadelphia National Bank submitted to the Federal Reserve System in the course of the latter's Survey of Bank Loans for Commercial and Industrial Purposes Outstanding on October 5, 1955. Value data reflect the original amount of the loan or the amount of last renewal if renewed. The above data cover all commercial and industrial loans of \$1,000,000 or more and 1 loan out of each 6 for smaller loans.

## *Business Loans of Member Banks*

IN OCTOBER 1955, the Board of Governors of the Federal Reserve System and the Federal Reserve Banks conducted a third sample survey of commercial and industrial loans made by member banks. Previous surveys had been made in 1942 and 1946. The new Survey provides current information on the characteristics of this most important category of member bank loans and the terms on which bank credit is extended to business. Reports on approximately 190,000 individual loans were submitted by a representative sample of 1,900 banks. A small number of banks, about 5 per cent of those invited to participate, found it impossible to respond to the questionnaire. The Survey was carried out with the cooperation of the American Bankers Association, the Reserve City Bankers Association, and the Robert Morris Associates.

On the Survey date, October 5, member banks had outstanding credit to business

The Survey of Bank Loans for Commercial and Industrial Purposes was under the general supervision of Ralph A. Young, Director, and Albert R. Koch, Assistant Director, of the Division of Research and Statistics, and of James B. Eckert, Chief of the Banking Section of the Division. This article was prepared by Mr. Eckert.

The Division of Research and Statistics had the primary responsibility for organizing the Survey, analyzing its results, and preparing the special articles reporting the findings that appear in the BULLETIN. A Federal Reserve System Committee under Clarence W. Tow, Vice President, Federal Reserve Bank of Kansas City, assisted the Division in planning the Survey. The information was collected by the Federal Reserve Banks.

A copy of the form used in the Survey with accompanying instructions for its completion is appended to this article.

totaling \$31.6 billion. This included an estimated 1.3 million individual bank loans amounting to \$30.8 billion and \$780 million in holdings of open market paper—that is, bankers' acceptances, commercial paper, and bearer notes of sales finance companies. The dollar amount of business loans outstanding was  $2\frac{1}{3}$  times as large as in 1946 and the number was twice as large.

The distribution of these loans among industries reflects the broad redirection of resources in the economy since 1946. The proportion of loans outstanding to manufacturing and mining concerns and to wholesale trade has declined while the proportion to sales finance companies and real estate, construction, and service firms has increased. In every major business group, however, the amount and number of loans have increased considerably since 1946.

Over the postwar years, there has been a substantial shift in the distribution of loans by asset size of borrower. This no doubt reflects in large part a shift in the size distribution of the business population owing to the upward movement in prices and the growth in volume of business activity. The proportion of loans to concerns in the smallest size group—assets under \$50,000—declined, while the proportion to those with assets of \$50,000-\$5,000,000 increased. Borrowing by concerns with assets of \$5 million and over accounted for about the same percentage of total loans as in 1946. This shift toward medium-sized borrowers is reflected particularly in the loan portfolios

of the smaller banks, which do most of their lending to small and medium-sized businesses. Large banks, however, maintained the 1946 proportion of loans to the smallest businesses, an increase in the proportion for medium-sized borrowers having been offset by a decrease for borrowers having assets of \$5 million and over.

As in 1946, long-term loans accounted for about one-third of the total dollar amount of business loans by member banks, but small, particularly unincorporated enterprises, have obtained greater access to such credit than they had then. The proportion of total loans outstanding to unincorporated firms, however, has decreased.

Average interest rates on business loans were considerably higher in October 1955 than in 1946, but the 1955 spread in average rates among industries was smaller. The largest increases in average rates since 1946 were in industries which then borrowed on the most favorable terms.

This first article summarizing the findings of the Survey covers only major characteristics of member bank business lending. Detailed analyses in a number of areas, such as term lending, interest rates, collateral, and size and location of borrower, will appear in future issues of the BULLETIN.

#### **BUSINESS OF BORROWER**

On October 5, 1955, member banks had 1.3 million loans outstanding for commercial and industrial purposes, totaling \$30.8 billion. This was about 2½ times the amount and twice the number of such loans held by member banks at the time of the earlier business loan survey as of November 20, 1946. Over this period, the average size of loan rose from \$19,600 to \$23,400 or

about 20 per cent, somewhat less than the rise in wholesale prices.

Loans to manufacturing and mining concerns accounted for about 37 per cent of the outstanding amount of loans in the present Survey, compared with 43 per cent in 1946, as shown in Table 1. Changes in the distribution of loans within the manufacturing and mining group generally were small, except those to food, liquor, and tobacco companies, which declined from 12 to 6 per cent of total business loans. This decline reflects in part the earlier stage in the fall seasonal upswing when the 1955 Survey was made, and the lower level of agricultural prices prevailing then as compared with late November 1946.

Loans to wholesale trade (including commodity dealers) declined considerably in relative importance between 1946 and 1955. During this period, they rose only about one-sixth as much as other business loans and in October accounted for 10 per cent of the amount outstanding compared with 18 per cent in 1946. Expansion of loans to retail trade was about the same as the 134 per cent growth in total dollar volume of business loans since 1946. Retailers borrowed more than wholesalers in late 1955, whereas in 1946 wholesalers had borrowed about two-thirds more than retailers. Loans to retail trade still account for the largest number of business loans to any industry group, but they rank next to the smallest in average size.

Perhaps the most significant development since 1946 in the industry distribution of business loans is the rise to prominence of loans to real estate concerns. Such loans, which were relatively unimportant in 1946 and included in the "all other" business category, totaled \$2.4 billion in the fall of 1955 and accounted for 8 per cent of the amount



**TABLE 1**  
**BUSINESS LOANS OF MEMBER BANKS, 1955 AND 1946, BY BUSINESS OF BORROWER<sup>1</sup>**  
 [Estimates of outstanding loans]

Business of borrower	Amount of loans				Number of loans			
	In millions of dollars		Percentage distribution		In thousands		Percentage distribution	
	1955	1946	1955	1946	1955	1946	1955	1946
<b>All businesses.....</b>	<b>36,820</b>	<b>13,189</b>	<b>100.0</b>	<b>100.0</b>	<b>1,317</b>	<b>673</b>	<b>100.0</b>	<b>100.0</b>
<b>Manufacturing and mining, total.....</b>	<b>11,283</b>	<b>5,650</b>	<b>36.6</b>	<b>42.8</b>	<b>225</b>	<b>116</b>	<b>17.1</b>	<b>17.2</b>
Food, liquor, and tobacco.....	1,838	1,536	6.0	11.6	36	18	2.7	2.7
Textiles, apparel, and leather.....	1,689	484	5.5	3.7	31	16	2.3	2.4
Metals and metal products.....	3,235	1,629	10.5	12.4	59	29	4.5	4.3
Petroleum, coal, chemicals, and rubber.....	2,646	1,061	8.6	8.0	28	13	2.2	1.9
Other.....	1,875	939	6.1	7.1	72	40	5.4	5.9
<b>Trade, total.....</b>	<b>6,539</b>	<b>3,883</b>	<b>21.2</b>	<b>29.5</b>	<b>517</b>	<b>341</b>	<b>39.2</b>	<b>50.7</b>
Retail.....	3,476	1,472	11.3	11.2	411	253	31.2	37.6
Wholesale <sup>2</sup> .....	3,063	2,411	9.9	18.3	105	88	8.0	13.1
<b>Other, total.....</b>	<b>12,998</b>	<b>3,656</b>	<b>42.2</b>	<b>27.7</b>	<b>575</b>	<b>216</b>	<b>43.7</b>	<b>32.0</b>
Sales finance companies.....	2,872	779	9.3	5.9	13	7	1.0	1.0
Transportation, communication, and other public utilities.....	2,906	1,222	9.4	9.3	44	38	3.4	5.6
Construction.....	1,691	446	5.5	3.4	105	43	7.9	6.4
Services.....	1,783	490	5.8	3.7	239	76	18.2	11.3
Other nonfinancial <sup>3</sup> .....	3,745	719	12.2	5.4	174	52	13.2	7.7

<sup>1</sup> Data for 1946 were reported in "Business Loans of Member Banks," Federal Reserve BULLETIN, March 1947. Additional articles summarizing the results of the 1946 survey appeared in the May, June, July, and August 1947 issues of the BULLETIN.

<sup>2</sup> Totals for 1955 include 8,900 loans to commodity dealers amounting to \$751 million. These loans were included in wholesale

trade in 1946 and not separately reported.

<sup>3</sup> Totals for 1955 include 75,600 loans to real estate concerns amounting to \$2,405 million. These loans were included in "all other" in 1946 and not separately reported.

NOTE.—Details may not add to totals because of rounding.

and 6 per cent of the number of all business loans. A substantial proportion of these loans represented loans to mortgage companies to aid in carrying temporarily large inventories of residential mortgages. The marked growth in these, as well as in construction loans, however, also reflects the high level of construction activity which has developed since 1946.

Borrowing by sales finance companies and service enterprises has also expanded greatly since 1946, at about twice the rate for business loans generally. Sales finance company borrowing was the most heavily concentrated of all business categories, with 1 per cent of the number of loans accounting for over 9 per cent of the amount outstanding. The average size loan of \$213,500 was over twice that of any other category. The growth in these loans since 1946, however, has accounted for only a small proportion of the

total increase in borrowed resources of sales finance companies, whose operations have expanded sharply with the increased volume of instalment selling of consumer durable goods. The marked expansion in loans to service enterprises also reflects the rapid growth in this sector of the economy in the postwar period. As disposable income has risen, consumers have been spending a larger percentage of their incomes for services.

#### SIZE OF BUSINESS OF BORROWER

Most individual business loans of member banks were to borrowers with relatively small total assets, as shown in Table 2. The dollar volume of loans, as might be expected, was more heavily concentrated in borrowers with large total assets. Nevertheless, only for sales finance companies and transportation, communication, and other public utilities was borrowing heavily



TABLE 2

## BUSINESS LOANS OF MEMBER BANKS, OCTOBER 3, 1955, BY BUSINESS AND SIZE OF BORROWER

[Estimates of outstanding loans]

Business of borrower	All borrowers	Size of borrower (total assets, in thousands of dollars)							
		Under 50	50-250	250-1,000	1,000-5,000	5,000-25,000	25,000-100,000	100,000 and over	Not ascertained
Amount of loans, in millions of dollars									
All businesses	30,820	1,688	4,465	4,976	5,592	4,941	3,431	5,546	182
Manufacturing and mining, total	11,283	235	951	1,466	2,265	2,268	1,854	2,201	44
Food, liquor, and tobacco	1,838	38	121	228	334	341	344	424	9
Textiles, apparel, and leather	1,689	35	192	313	482	334	156	176	1
Metals and metal products	3,235	58	250	372	547	717	479	803	10
Petroleum, coal, chemicals, and rubber	2,646	31	110	183	404	582	662	658	16
Other	1,875	72	277	370	500	295	213	140	7
Trade, total	5,788	614	1,551	1,374	973	587	242	390	57
Retail	3,476	518	1,088	662	394	254	161	359	39
Wholesale	2,312	96	463	711	579	333	81	31	18
Other, total	13,749	840	1,963	2,136	2,354	2,085	1,335	2,955	81
Commodity dealers	751	9	60	113	161	171	65	169	2
Sales finance companies	2,872	6	83	208	396	450	460	1,252	17
Transportation, communication, and other public utilities	2,906	91	125	189	266	474	397	1,360	4
Construction	1,691	137	419	451	384	217	50	11	20
Real estate	2,405	110	495	560	645	434	112	38	12
Services	1,783	371	529	333	218	134	100	81	19
Other nonfinancial	1,340	116	252	282	283	205	151	44	7
Number of loans, in thousands									
All businesses	1,316.9	608.7	469.2	145.4	45.5	13.3	5.0	6.5	23.2
Manufacturing and mining, total	225.1	72.7	83.5	39.7	16.2	5.2	2.1	1.6	4.1
Food, liquor, and tobacco	35.9	13.5	11.6	5.6	2.1	.9	.7	.4	1.2
Textiles, apparel, and leather	30.6	8.6	12.4	5.7	2.6	.8	.3	.1	.1
Metals and metal products	58.7	17.8	22.8	10.6	4.3	1.6	.5	.5	.7
Petroleum, coal, chemicals, and rubber	28.3	7.2	8.8	5.7	3.3	1.1	.5	.4	1.3
Other	71.6	25.5	27.9	12.2	4.0	.7	.3	.2	.4
Trade, total	507.7	248.9	191.0	45.6	9.7	1.9	.5	.8	9.4
Retail	411.2	220.5	149.2	26.6	4.9	.8	.3	.7	7.8
Wholesale	96.5	28.1	41.8	19.1	4.8	1.0	.2	.1	1.5
Other, total	584.1	287.2	194.7	60.1	19.6	6.2	2.4	4.1	9.8
Commodity dealers	8.9	2.5	3.3	1.6	.9	.3	.1	.2	.1
Sales finance companies	13.4	1.0	2.9	2.6	2.5	1.6	.9	1.5	.4
Transportation, communication, and other public utilities	44.2	20.5	12.3	4.9	2.1	1.2	.7	1.9	.6
Construction	104.5	42.3	41.6	14.5	3.4	.5	.1	.1	1.9
Real estate	75.6	20.3	33.9	13.7	5.2	1.2	.3	.2	.8
Services	239.3	143.1	74.3	13.7	2.7	.8	.1	.2	4.1
Other nonfinancial	98.1	57.4	26.3	9.1	2.8	.6	.2	.1	1.5

NOTE.—Details may not add to totals because of rounding.

centrated in businesses with assets of \$100 million and over. Even in manufacturing and mining, where most business is done by relatively large firms, outstanding loans to companies with assets of \$5-\$25 million about equaled those to firms with assets of \$100 million and over.

The largest number of loans for every industry was in one of the two asset size classes under \$250,000. Moreover, for

every industry except sales finance the aggregate number of loans in these two classes exceeded that in all other classes combined.

Since 1946, the size-of-borrower distribution of member bank loans has shifted appreciably from the smallest to the intermediate categories, as shown in Table 3. Loans to concerns with assets under \$50,000 declined from 65 to 46 per cent of the num-



TABLE 3

**BUSINESS LOANS OF MEMBER BANKS, 1955 AND 1946**  
**BY SIZE OF BORROWER**  
 (Percentage of total)

Size of borrower (Total assets, in thousands of dollars)	Amount of loans		Number of loans	
	1955	1946	1955	1946
All borrowers	100.0	100.0	100.0	100.0
Under \$50	5.5	9.2	46.2	64.5
\$50-\$250	14.5	16.4	35.6	24.9
\$250-\$5,000	34.3	29.0	14.5	8.3
\$5,000 and over	45.2	44.3	1.9	1.7
Not ascertained	.6	1.2	1.8	1.5

NOTE.—Details may not add to totals because of rounding.

ber and from 9 to 6 per cent of the amount of total loans outstanding, although the amount and number of such loans rose somewhat over the period. The amount of loans to concerns with assets of \$50,000-\$250,000 also declined relative to other size categories, but the number of such loans rose sharply. The percentage of total loans to businesses with assets of \$250,000-\$5,000,000, however, rose substantially with respect to both amount and number. Loans to borrowers with assets of \$5 million and over accounted for about the same proportion of total loans in 1955 as in 1946.

The shift in the distribution of outstanding loans from the smallest to the intermediate categories between 1946 and 1955 probably reflects in large part the general upward valuation of business assets and the growth in total business volume while the asset size classes remain unchanged. It may also reflect the unusually large proportion of new and reestablished small businesses in the immediate postwar business population and the increasing availability of internal and nonbank funds as businesses mature and become established. Increased reliance on internal and nonbank funds may also explain in part the absence of any appreciable rise in the proportion of loans to enterprises with

assets of \$5 million and over. Another important and perhaps related consideration is the decline in relative importance of loans to the manufacturing and mining group where large concerns predominate.

#### SIZE OF LENDING BANK

The size of lending bank is closely related to the size of business of the borrower. Thus the bulk of the dollar volume of outstanding loans of small banks was to small businesses and of large banks to large businesses, as shown in Table 4. In all bank size classes, the largest number of loans was to relatively small enterprises.

The loan portfolios of the smaller banks, which do most of their lending to small and medium-sized businesses, were particularly affected by the upward shift in the size-of-borrower distribution of outstanding business loans since 1946. All bank size classes with deposits under \$100 million showed decreases in the proportion of loans to businesses with assets under \$50,000. They showed increases in the proportion in most of the larger size categories.

Banks with deposits of \$100 million and over maintained the 1946 proportion of their portfolios in loans to borrowers under \$50,000 in assets while also increasing the proportion to borrowers in the \$50,000-\$5,000,000 categories. Active development of small loan departments, particularly for term loans, by some of the larger banks undoubtedly accounts for an appreciable part of this growth. The proportion of loan volume at these banks to businesses with assets of \$5 million and over, however, declined substantially between 1946 and 1955.

Loans to manufacturing and mining concerns accounted for nearly half of the business loans of banks with deposits of \$1 bil-





TABLE 4

**BUSINESS LOANS OF MEMBER BANKS, OCTOBER 5, 1955, BY SIZE OF BORROWER AND SIZE OF BANK**  
(Estimates of outstanding loans)

Size of borrower (Total assets, in thousands of dollars)	All banks	Size of bank (total deposits, in millions of dollars)									
		Under 2	2-10	10-20	20-50	50-100	100-250	250-500	500- 1,000	1,000- 2,500	2,500 and over
Amount of loans, in millions of dollars											
All borrowers.....	30,820	107	1,479	1,213	2,068	2,056	3,221	4,109	3,844	5,264	7,459
Under 50.....	1,688	55	490	213	216	144	150	149	112	47	112
50-250.....	4,463	43	674	537	720	526	553	474	348	232	358
250-1,000.....	4,976	6	191	291	616	646	792	861	535	391	646
1,000-5,000.....	5,592	1	49	83	268	462	890	1,045	933	814	1,047
5,000-25,000.....	4,941	1	10	20	79	128	395	754	778	1,173	1,603
25,000-100,000.....	3,431	(1)	11	6	31	53	150	344	467	944	1,424
100,000 and over.....	5,346	(1)	9	13	50	97	291	482	670	1,664	2,270
Not ascertained.....	182		45	49	88		(1)		(1)		
Percentage distribution within bank size group											
All borrowers.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 50.....	5.5	51.0	33.2	17.6	10.4	7.0	4.7	3.6	2.9	.9	1.5
50-250.....	14.5	40.5	45.6	44.3	34.8	25.6	17.2	11.5	9.1	4.4	4.8
250-1,000.....	16.1	6.0	12.9	24.0	29.8	31.4	24.6	21.0	13.9	7.4	8.7
1,000-5,000.....	18.1	1.1	3.3	6.8	13.0	22.5	27.6	25.4	24.3	15.5	14.0
5,000-25,000.....	16.0	.7	.7	1.7	3.8	6.2	12.3	18.4	20.2	22.3	21.5
25,000-100,000.....	11.1	.4	.7	.5	1.5	2.6	4.7	8.4	12.2	17.9	19.1
100,000 and over.....	18.0	.4	.6	1.1	2.4	4.7	9.0	11.7	17.4	31.6	30.4
Not ascertained.....	.6		3.1	4.1	4.3		(2)		(2)		

1 Less than \$500,000.

2 Less than 0.05 per cent.

NOTE.—Details may not add to totals because of rounding.

lion and over compared with less than one-fifth for banks with less than \$10 million deposits. Trade loans, as shown in Table 5, accounted for roughly two-fifths of the outstanding loans of the smallest banks but less than one-seventh for the largest. Similarly, loans to service and construction enterprises were relatively more important to small than to large banks. Sales finance company loans were held in large volume by all sizes of banks except the smallest, while loans to real estate concerns accounted for 8-12 per cent of business loans of all size classes of banks with deposits between \$10 million and \$1 billion.

Since 1946, manufacturing and mining and trade loans have decreased in relative importance at nearly all size classes of banks, whereas loans to sales finance companies and construction and service firms have become more important. At small

banks, loans to transportation, communication, and other public utilities have declined in relative importance while loans to service firms have increased.

#### TERM LOANS

Loans having an original maturity of more than one year, generally referred to as "term loans," accounted for 34 per cent of member bank business loan portfolios in October 1955, about the same proportion as in November 1946. Nearly 40 per cent of the \$10.4 billion total of such loans was confined to two major industry groups, transportation, communication, and other public utilities, and petroleum, coal, chemicals, and rubber, as shown in Table 6. These two groups also showed the highest ratios of term to total bank borrowing, 69 and 74 per cent, respectively, reflecting the large proportion of their assets in heavy fixed investment





TABLE 5

## BUSINESS LOANS OF MEMBER BANKS, OCTOBER, 5, 1955, BY BUSINESS OF BORROWER AND SIZE OF BANK

[Estimates of outstanding loans]

Business of borrower	All banks	Size of bank (total deposits, in millions of dollars)									
		Under 2	2-10	10-20	20-50	50-100	100-250	250-500	500-1,000	1,000-2,500	2,500 and over
Amount of loans, in millions of dollars											
All businesses	30,820	107	1,479	1,213	2,068	2,056	3,221	4,109	3,844	5,264	7,459
Manufacturing and mining, total	11,283	19	265	251	459	529	951	1,401	1,530	2,419	3,459
Food, liquor, and tobacco	1,838	6	48	41	75	83	178	281	260	380	485
Textiles, apparel, and leather	1,689	1	29	30	64	69	160	192	152	409	583
Metals and metal products	3,235	4	57	62	131	164	245	405	522	665	982
Petroleum, coal, chemicals, and rubber	2,646	2	34	41	71	81	151	260	353	659	994
Other	1,875	7	97	77	119	132	217	262	244	307	414
Trade, total	5,788	46	547	408	602	501	703	782	564	623	1,013
Retail	3,476	41	458	297	397	300	415	456	319	328	465
Wholesale	2,312	5	88	111	205	201	288	326	244	295	547
Other, total	13,749	42	667	554	1,007	1,025	1,567	1,926	1,751	2,222	2,988
Commodity dealers	751	2	28	15	28	55	70	152	41	113	246
Sales finance companies	2,872	1	31	44	135	174	382	372	552	625	556
Transportation, communication, and other public utilities	2,906	4	77	46	75	87	198	308	333	633	1,146
Construction	1,691	8	139	124	186	172	210	253	214	139	247
Real estate	2,405	2	79	102	221	248	328	408	356	344	317
Services	1,783	19	237	159	239	174	211	233	140	209	162
Other nonfinancial	1,540	5	76	64	122	114	168	200	116	459	314
Percentage distribution within bank size group											
All businesses	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Manufacturing and mining, total	36.6	18.0	17.9	20.7	22.2	25.7	29.5	34.1	39.8	46.0	46.4
Food, liquor, and tobacco	6.0	5.2	3.2	3.4	3.6	4.1	5.5	6.9	6.8	7.2	6.5
Textiles, apparel, and leather	5.5	1.0	2.0	2.5	3.1	3.4	5.0	4.7	4.0	7.8	7.8
Metals and metal products	10.5	3.6	3.8	5.1	6.3	8.0	7.6	9.9	13.6	12.6	13.2
Petroleum, coal, chemicals, and rubber	8.6	2.1	2.3	3.4	3.4	3.9	4.7	6.3	9.2	12.5	13.3
Other	6.1	6.2	6.5	6.3	5.7	6.4	6.8	6.4	6.3	5.8	5.6
Trade, total	18.8	43.1	37.0	33.6	29.1	24.4	21.8	19.0	14.7	11.8	13.6
Retail	11.3	38.4	31.0	24.5	19.2	14.6	12.9	11.1	8.3	6.2	6.2
Wholesale	7.5	4.7	6.0	9.2	9.9	9.8	9.0	7.9	6.4	5.6	7.3
Other, total	44.6	38.9	45.1	45.7	48.7	49.9	48.7	46.9	45.5	42.2	40.1
Commodity dealers	2.4	1.8	1.9	1.3	1.4	2.7	2.2	3.7	1.1	2.2	3.3
Sales finance companies	9.3	1.2	2.1	3.7	6.5	8.5	11.9	9.1	14.4	11.9	7.5
Transportation, communication, and other public utilities	9.4	3.6	5.2	3.8	3.6	4.2	6.1	7.5	8.7	12.0	15.4
Construction	5.5	7.2	9.4	10.2	9.0	8.4	6.5	6.2	5.6	2.6	3.3
Real estate	7.8	2.1	5.4	8.4	10.7	12.1	10.2	9.9	9.3	6.5	4.2
Services	5.8	18.0	16.0	13.1	11.6	8.5	6.6	5.7	3.6	4.0	2.2
Other nonfinancial	4.4	4.9	5.2	5.3	5.9	5.6	5.2	4.9	3.0	3.0	4.2

NOTE.—Details may not add to totals because of rounding.

having relatively long service life.

The smallest users of term credit, both in absolute amount and relative to their total bank borrowing, were commodity dealers and sales finance companies, which have little fixed investment. Textiles, leather, and apparel manufacturers, wholesale trade, and construction firms also borrow to only a limited extent at longer maturities.

The ratio of term to total bank borrowing varied with size of business for most industries except transportation, communication, and other public utilities. The highest ratios of term borrowing generally were for concerns with assets of \$25 million and over and the lowest for those with assets between \$250,000 and \$5 million. The relative importance of term borrowing by businesses



with assets under \$50,000, however, was nearly as great as for the largest companies and considerably greater than for any other size class except those of \$25 million and over. Moreover, the relative importance of term borrowing by small enterprises generally has increased substantially since 1946. For those with assets under \$50,000, the ratio of term to total bank borrowing has risen from 29 to 41 per cent. On the other

hand, the ratio has declined among the largest firms.

The proportion of term to total borrowing was about the same for unincorporated as for incorporated enterprises, both for total business loans and for most industry groups. In 1946, term borrowing was considerably more important for corporations than for unincorporated enterprises.

TABLE 6  
TERM LOANS OF MEMBER BANKS, OCTOBER 5, 1955, BY BUSINESS AND SIZE OF BORROWER  
(Estimates of outstanding loans)

Business of borrower	All borrowers	Size of borrower (total assets, in thousands of dollars)								Not ascertained
		Under 50	50-250	250-1,000	1,000-5,000	5,000-25,000	25,000-100,000	100,000 and over		
		Amount of term loans, in millions of dollars								
All businesses	10,441	687	1,287	1,158	1,331	1,768	1,671	2,495	44	
Manufacturing and mining, total	4,540	82	238	311	579	989	1,100	1,228	13	
Food, liquor, and tobacco	402	15	36	44	36	76	113	80	3	
Textiles, apparel, and leather	268	4	15	14	58	73	53	52	(1)	
Metals and metal products	1,193	22	67	94	160	244	198	407	2	
Petroleum, coal, chemicals, and rubber	1,946	17	52	69	189	444	588	582	6	
Other	731	24	67	90	137	153	147	108	3	
Trade, total	1,455	226	370	220	194	142	61	231	11	
Retail	1,076	207	296	131	96	73	45	220	8	
Wholesale	379	19	74	89	98	69	16	11	3	
Other, total	4,447	379	678	627	558	638	510	1,036	20	
Commodity dealers	55	1	7	8	6	6	15	10	1	
Sales finance companies	135	1	10	9	24	16	8	68	(1)	
Transportation, communication, and other public utilities	1,995	70	66	140	181	364	306	866	3	
Construction	329	41	81	66	67	52	13	7	3	
Real estate	707	44	205	175	128	96	24	33	4	
Services	797	175	230	138	95	46	67	38	8	
Other nonfinancial	429	48	79	92	58	59	76	15	2	
As a percentage of total loans within industry size group										
All businesses	33.9	40.7	28.8	23.3	23.8	35.8	48.7	45.0	24.3	
Manufacturing and mining, total	40.2	34.9	25.1	21.2	25.6	43.6	59.3	55.8	29.6	
Food, liquor, and tobacco	21.9	38.7	30.1	19.2	10.6	22.2	32.9	18.8	30.7	
Textiles, apparel, and leather	15.9	10.8	7.8	4.6	12.0	21.7	33.9	29.4	13.0	
Metals and metal products	36.9	37.3	26.8	25.2	29.2	34.0	41.4	50.7	17.4	
Petroleum, coal, chemicals, and rubber	73.6	55.7	47.7	37.5	46.8	76.2	88.8	88.4	35.4	
Other	39.0	33.8	24.3	24.3	27.5	52.0	69.3	76.8	33.9	
Trade, total	25.1	36.8	23.9	16.0	20.0	24.2	25.2	59.3	19.3	
Retail	31.0	39.9	27.2	19.8	24.4	28.6	28.2	61.2	19.9	
Wholesale	16.4	20.2	15.9	12.5	16.9	20.8	19.2	36.8	18.0	
Other, total	32.3	45.2	34.6	29.4	23.7	30.6	38.2	35.1	25.0	
Commodity dealers	7.3	14.9	12.4	6.9	4.0	3.4	22.7	6.1	35.6	
Sales finance companies	4.7	8.7	12.0	4.4	5.9	3.5	1.8	5.4	2.1	
Transportation, communication, and other public utilities	68.6	77.0	52.6	73.8	67.9	76.8	77.2	63.7	59.9	
Construction	19.5	30.1	19.2	14.6	17.4	23.7	26.8	58.5	14.0	
Real estate	29.4	39.7	41.3	31.3	19.8	22.1	21.1	86.3	31.5	
Services	44.7	47.1	43.6	41.4	43.5	34.4	67.7	46.6	44.2	
Other nonfinancial	32.0	41.4	31.5	32.7	20.4	28.7	50.4	33.5	26.4	

† Less than \$500,000.

NOTE.—Details may not add to totals because of rounding.





**FORM OF ORGANIZATION**

Nearly four-fifths of the dollar amount of member bank business loans was to incorporated enterprises, as shown in Table 7. The proportion varied from 48 per cent for service firms to 95 per cent for sales finance companies. In general, the ratio of corporate to total borrowing was highest in businesses requiring heavy fixed investment, such as manufacturing and mining and transportation, communication, and other public utilities, and lowest in those with relatively small capital requirements, such as trade, construction, real estate, and services.

Member bank loans to unincorporated enterprises accounted for 72 per cent of the total number of loans. By business groups, the proportion ranged from 84 per cent for services down to only 21 per cent for sales

finance companies. Unincorporated businesses accounted for a substantially larger proportion of the number than of the amount of loans for all business categories.

Loans to incorporated enterprises were 78 per cent of the total dollar amount of business loans in late 1955 as compared with 72 per cent in 1946. Although the 1946 ratio was temporarily depressed owing to the rapid growth in number of new unincorporated enterprises in the immediate postwar period, most of the increase probably represents more extensive use of the corporate form of organization. As technology increases the capital requirements for efficient operation, this form of business organization tends to become more advantageous.

Outstanding loans of construction concerns and wholesale and retail trade showed the largest shift from unincorporated to in-

TABLE 7

**BUSINESS LOANS OF MEMBER BANKS, OCTOBER 5, 1955, BY BUSINESS AND FORM OF ORGANIZATION OF BORROWER**  
(Estimates of outstanding loans)

Business of borrower	Amount of loans				Number of loans			
	In millions of dollars		As a percentage of industry total		In thousands		As a percentage of industry total	
	Corpo- rate	Non- corpo- rate	Corpo- rate	Non- corpo- rate	Corpo- rate	Non- corpo- rate	Corpo- rate	Non- corpo- rate
<b>All businesses</b> .....	23,948	6,871	77.7	22.3	371	946	28.2	71.8
<b>Manufacturing and mining, total</b> .....	9,868	1,415	87.5	12.5	106	119	47.1	52.9
Food, liquor, and tobacco.....	1,630	208	88.7	11.3	73	23	35.6	64.4
Textiles, apparel, and leather.....	1,521	168	90.1	9.9	18	13	58.6	41.4
Metals and metal products.....	3,020	216	93.3	6.7	33	26	55.8	44.2
Petroleum, coal, chemicals, and rubber.....	2,115	531	80.0	20.0	10	19	34.1	65.9
Other.....	1,582	293	84.4	15.6	33	39	46.0	54.0
<b>Trade, total</b> .....	3,789	2,008	65.3	34.7	126	382	24.7	75.3
Retail.....	2,006	1,470	57.7	42.3	82	329	19.9	80.1
Wholesale.....	1,774	538	76.7	23.3	44	53	45.3	54.7
<b>Other, total</b> .....	10,389	3,469	74.9	25.1	140	445	23.9	76.1
Commodity dealers.....	584	168	77.7	22.3	4	5	39.8	60.2
Sales finance companies.....	2,726	146	94.9	5.1	11	3	78.6	21.4
Transportation, communication, and other public utilities.....	2,610	296	89.8	10.2	18	26	41.1	58.9
Construction.....	1,061	630	62.7	37.3	28	76	27.0	73.0
Real estate.....	1,647	758	68.5	31.5	25	50	33.2	66.8
Services.....	835	929	47.9	52.1	37	202	15.6	84.4
Other nonfinancial.....	818	522	61.1	38.9	17	81	17.0	83.0

NOTE.—Details may not add to totals because of rounding.



corporated enterprise between 1946 and 1955. The proportion of loans to incorporated enterprises rose from 42 to 63 per cent for construction, from 66 to 77 per cent for wholesale trade, and from 45 to 58 per cent for retail trade. In the case of trade concerns, the rapid spread of supermarket merchandising in the postwar period has probably been an important factor in this shift.

#### AVERAGE INTEREST RATES

The average interest rate on business loans outstanding at member banks on October 5, 1955 was 4.2 per cent, as shown in Table 8. The lowest rates were obtained by industries in which borrowing is heavily concentrated in large enterprises with high credit rating and large individual loans, such as sales finance companies and transportation, communication, and other public utilities. The short-term rates for loans to these industries were only slightly above the  $3\frac{1}{4}$  per cent "prime rate" in effect at the time of the Sur-

vay on loans at large city banks to customers with highest credit rating. The highest rates were paid by industries such as construction, services, and retail trade, in which smaller and less well-established businesses predominate and the individual loan is ordinarily small to medium size. The 4.2 per cent average in 1955 was considerably higher than the 2.9 per cent which obtained in 1946, but the spread between the lowest and the highest average rates among industries was considerably less in 1955 than in 1946.

Rates were lower on short-term loans than on long-term loans in most industries, but the differences generally were small. As a result of the heavy concentration of term loans in industries with relatively low rates, the average long-term rate for all industries combined was no higher than the short-term rate. The relationship between short- and long-term rates within industries reflects primarily the size and credit standing of the borrowers. For example, the long-term rate for the petroleum, coal, chemicals, and rubber group was considerably lower than the short-term rate, but three-fifths of the long-term borrowing in that industry was by companies with assets of \$25 million and over whereas those concerns accounted for only about one-fifth of the short-term borrowing.

#### OPEN MARKET PAPER

Member banks held an estimated \$780 million of open market paper on October 5, 1955, representing 2.5 per cent of their outstanding business credit. Over half of this amount was in negotiable unsecured notes of sales finance companies placed directly or acquired through dealers, and nearly two-thirds of the remainder was other commercial paper, as shown in Table 9. Bankers' acceptances accounted for only a small

TABLE 8

AVERAGE INTEREST RATES ON MEMBER BANK  
BUSINESS LOANS, OCTOBER 5, 1955  
BY BUSINESS OF BORROWER AND MATURITY OF LOAN  
(Per cent per annum)

Business of borrower	All loans	Short-term (One year or less)	Long-term (Over one year)
All businesses.....	4.2	4.2	4.2
Manufacturing and mining, total.....	4.0	4.1	4.0
Food, liquor, and tobacco.....	3.8	3.8	3.9
Textiles, apparel, and leather.....	4.0	3.9	4.0
Metals and metal products.....	4.1	4.1	4.1
Petroleum, coal, chemicals, and rubber.....	3.9	4.2	3.8
Other.....	4.3	4.4	4.1
Trade, total.....	4.6	4.6	4.8
Retail.....	4.7	4.7	4.8
Wholesale.....	4.5	4.5	4.8
Other, total.....	4.2	4.2	4.3
Commodity dealers.....	3.7	3.7	4.3
Sales finance companies.....	3.6	3.5	3.9
Transportation, communication, and other public utilities.....	3.6	3.6	3.7
Construction.....	5.0	4.8	5.7
Real estate.....	4.5	4.5	4.5
Services.....	5.1	4.8	5.3
Other nonfinancial.....	4.3	4.2	4.6





[fol. 5664]

proportion of the total.

Over half the sales finance company paper was held by country banks, and it was widely distributed among Federal Reserve Districts, as shown in Table 10. Holdings by large city banks were negligible, reflecting generally full commitment of their statutory loan limits to the larger finance companies under established lines of credit.

TABLE 9

MEMBER BANK HOLDINGS OF OPEN MARKET PAPER  
OCTOBER 5, 1955, BY TYPE AND BY CLASS OF BANK

(Estimates, in millions of dollars)

Type	All member banks	Central reserve city banks		Reserve city banks	Country banks	Weekly reporting banks
		New York City	Chicago			
Open market paper, total.....	779	63	12	362	343	470
Acceptances.....	139	50	8	74	7	127
Commercial paper (excluding sales finance company paper).....	244	1	2	113	129	115
Sales finance company paper <sup>1</sup> .....	396	12	3	174	207	228

<sup>1</sup> Placed directly or acquired through dealers, exclusive of direct loans other than open market paper.

NOTE.—Details may not add to totals because of rounding.

Commercial paper was largely held by reserve city and country banks, over one-third of it in the Dallas District. Bankers' acceptances, however, were held almost entirely at New York central reserve city and San Francisco reserve city banks, mostly at banks with deposits of \$1 billion or more.

Including holdings of open market paper, member bank loans to sales finance companies on October 5, 1955 totaled nearly \$3.3 billion, or more than 10 per cent of all business loans by member banks. These holdings of open market paper accounted for about one-fifth of the open market paper of such companies outstanding on that date, including paper placed through dealers.

TABLE 10

MEMBER BANK HOLDINGS OF OPEN MARKET PAPER  
OCTOBER 5, 1955

BY TYPE AND BY FEDERAL RESERVE DISTRICT

(Estimates, in millions of dollars)

District	Total	Acceptances	Commercial paper (excluding sales finance company paper)	Sales finance company paper <sup>1</sup>
All districts.....	779	139	244	396
Boston.....	76	5	39	32
New York.....	122	53	13	57
Philadelphia.....	44	1	19	25
Cleveland.....	20	1	(2)	19
Richmond.....	40	(2)	5	35
Atlanta.....	46	2	18	26
Chicago.....	112	10	32	71
St. Louis.....	25	1	8	16
Minneapolis.....	7	(2)	2	5
Kansas City.....	59	(2)	8	51
Dallas.....	142	8	88	46
San Francisco.....	84	59	12	13

<sup>1</sup> Placed directly or acquired through dealers, exclusive of direct loans other than open market paper.

<sup>2</sup> Less than \$500,000.

NOTE.—Details may not add to totals because of rounding.

Member banks held less than one-fifth of the acceptances outstanding on that date.

COVERAGE OF THE SURVEY

The 1955 Survey of Bank Loans for Commercial and Industrial Purposes was confined to a stratified probability sample of some 2,000 member banks representing about 30 per cent of all member banks and 93 per cent of the volume of their business loans.

The major classification for sampling purposes was size of bank as measured by total deposits. The sample included all banks with deposits of more than \$50 million and a declining proportion of each smaller size class. In the sampled size classes, banks within each Federal Reserve District generally were grouped by geographic region, population of community, or ratio of business loans to total assets or total deposits. Sample banks within these groups generally were selected by use of a table of random numbers.



SHEET NO. \_\_\_\_\_

SHEET NO. 1  
(71-13)  
CONFIDENTIALSCHEDULE OF LOANS FOR COMMERCIAL AND INDUSTRIAL PURPOSES OUTSTANDING ON OCTOBER 5, 1955.  
(For banks with total deposits on 6-30-55 of \$10,000,000 or less)Form F.R. 643c (Rev. 8-59)  
Form approved  
Budget Bureau No. 55-1593  
(Approval expires 1-31-56)

NAME OF BANK

CITY

STATE

DO NOT USE

FIELD	A	B	C	D	E	F	G	H	I	J
DESCRIPTION	DIST.	STATE	BANK	BRANCH	SIZE	POP.	SUB.R.	LOAN R.	C.R.S.	CLASS
CODE										
COLUMN	1-2	3-4	5-8	9-12	13	14	15	16	17	18-19

FILL OUT THIS BOX ON FIRST SHEET ONLY

1. Total amount of real estate loans for commercial and industrial purposes outstanding on October 5, 1955 (included in Schedule A, Item 6, of Call Report form) \$ \_\_\_\_\_

2. Total amount of "commercial and industrial" loans outstanding on October 5, 1955 (as defined in Call Report instructions for Schedule A, Item 1):

(a) Open end/other paper, total \$ \_\_\_\_\_

(1) Acceptances \$ \_\_\_\_\_

(2) Commercial paper (including finance company paper) \$ \_\_\_\_\_

(3) Finance company paper (placed directly or acquired through paper factors) \$ \_\_\_\_\_

(b) All other loans for commercial and industrial purposes \$ \_\_\_\_\_

(c) Total a + b above \$ \_\_\_\_\_

3. Do you have minimum average deposit requirements for any business borrowers? Check one YES NO  
If yes, please explain your policy with regard to such requirements on the back of this form.

4. Do you extend lines of credit or give firm commitments to extend credit to individual businesses up to a specified limit? Check one YES NO  
If yes, please explain your policy with regard to such accommodations on the back of this form.

NOTE: Please see instructions on loan coverage and reporting procedure on the reverse side of this sheet before filling out this form.

Name of borrower	Location of borrower (city and state)	Leave blank	Business of borrower (enter code from instructions at left)	Total assets of borrower  (enter approximate dollar amount as of most recent date available; estimate if necessary)	Form of business organization (check one)	Call Report Sched. A number	5 Amount of loan (see instructions at left)		9 Date made or last renewed, if renewed (Mo., Day, Yr.)  (see instructions at left)	10 Date due (Mo., Day, Yr.)  (if document write in "demand")  (see instructions at left)	12 Repayment method (check one)			14 Effective interest rate (annual rate on unpaid balance; see instructions at left)	15 Major security (enter code from instructions at left)	16 Participation with another commercial bank (check one, if applicable)		19 Check if U. S. Gov't guarantee or U. S. Gov't participation	20 Special Code
							7 Amount outstanding on October 5, 1955 (omit cents)	8 Original amount or amount at last renewal, if renewed (omit cents)			11 Single payment (see instructions at left)	13 Paid in installments with interest charged on original amount (see instructions at left)	17 Original with bank			18 Paid type participation			
Wholesale Distrib. Inc.	Newtown, Mo.	30	31-32	23-29	30	31	32-39	40-41	42-49	50-55	56-61	62	63-66	67-68	69	70	71-75	76-77	
Wholesale Distrib. Inc.	Newtown, Mo.		6	293,800	✓	1	38,000		38,000	9/1/55	12/1/55	✓	4.75	9	✓	α			
Boris White	Fortune, Vt.		13	20,000	✓	1	900		1,200	6/25/55	6/25/56	✓	12.00	4					

(For instructions referred to in box headings, see opposite page.)

This survey provides for an analysis of your loans for commercial and industrial purposes outstanding on October 5, 1955. Please mail the completed worksheet forms so as to reach your Federal Reserve Bank not later than October 24, 1955.

A column is provided on the form for entering the names of borrowers whose loans are reported. This column is for your convenience. It should be detached and saved. It should not be returned to the Federal Reserve Bank. The information on individual loans supplied on the form will be treated as confidential by your Reserve Bank. The results of this survey will be published only in the form of totals for groups of banks.

## Loan Coverage

The loans for commercial and industrial purposes covered by this survey include all commercial and industrial loans as defined in the Call Report instructions for Schedule A, Item 1, and such real estate loans as have been made for commercial and industrial purposes included in Schedule A, Item 6, of the Call Report.

Loans for commercial and industrial purposes include all business loans to individuals, partnerships, and corporations, whether secured or unsecured, or whether for the purpose of financing capital expenditures or current operations.

Be sure to include loans for business purposes carried in your GI or installment loan departments. These loans should be classified under Schedule A, Item 1, for Call Report purposes as well as for this survey. Unless your loans are correctly classified the results of this survey might seriously understate the volume of loans to small business.

## Reporting Procedure

Caution: It is important not to depart from the following instructions. Any attempt to substitute purposely a particular loan believed to be more "representative" in preference to a loan falling in the sample by chance will bias the sample and distort the survey results.

1. Separate the following groups of loans from your total loan file in a manner most convenient to you:

Group A—Open market paper

Group B—Real estate loans for commercial and industrial purposes

Group C—All other loans for commercial and industrial purposes, including instalment and GI loans for business purposes.

2. In the box at the top of the form, report the total dollar amount outstanding on October 5, 1955, for each group in 1 above. Please note that separate totals are required for the three types of open market paper, but no individual reporting of such loans is required.

3. Report the detailed information requested on the form for each loan in groups B and C in 1 above.<sup>1</sup> Be sure to read the instructions to Column 7 before filling in the information on individual loans.

### INSTRUCTIONS

Column 2. Enter in Column 2 the code opposite the business classification of borrower shown below which best describes the *largest part of borrower's business*. Use only one code number. Note that loans to sales finance and real estate companies should be included in this survey, but loans to all other financial institutions and to nonprofit organizations should be excluded.

#### Code Business of Borrower

##### Manufacturing and Mining

- 1 Food, liquor, and tobacco
- 2 Textiles, apparel, and leather
- 3 Metal and metal products (including iron, steel, and nonferrous metals and their products; electrical and other machinery; and automobiles and other transportation equipment and parts)
- 4 Petroleum, coal, chemicals, and rubber

<sup>1</sup> This instruction applied only to respondent banks with total deposits on June 30, 1955 of \$10 million or less. Banks with total deposits of more than \$10 million but not more than \$100 million were requested to report on every loan of \$100,000 or more and every sixth of their smaller loans. Banks with more than \$100 million of deposits were requested to report on every loan of \$1 million or more and every sixth of their smaller loans. A few banks with unusually large numbers of business loans were permitted to report on a somewhat smaller fraction of their smaller loans.

- 5 All other manufacturing and mining (including lumber; furniture; paper; printing, and publishing; and stone, clay, and glass)

#### Trade

- 6 Wholesale trade (including sales to businesses as final buyers)
- 7 Retail trade

#### Other

- 8 Commodity dealers (establishments primarily engaged in buying and selling commodity contracts and which are members, or associated with members, of recognized commodity exchanges)
- 9 Sales finance companies (firms primarily engaged in financing retail sales made on the instalment plan)
- 10 Transportation, communication, and other public utilities
- 11 Construction (including operative builders)
- 12 Real estate (including operators, owners, agents, brokers, and subdividers and developers of real property)
- 13 Service firms (including hotels; repair services; amusements; personal and domestic services; and medical, legal, and other professional services)
- 14 All other nonfinancial

Column 6. Enter item number under which loan would be classified in Schedule A of Call Report; for example, for a loan classified in Schedule A as "commercial and industrial," enter 1; for a loan classified as real estate, enter 6.

Column 7. If several notes or advances are outstanding to a single borrower representing different loan arrangements, treat each note or advance separately in selecting your sample of loans to report. However, several notes outstanding to a borrower representing a single loan arrangement, or several notes discounted for a customer in a single transaction, should be totaled and reported as one loan.

Column 8. Enter original amount (before addition of interest or deduction of discount) of note or notes entered in Column 7.

Column 9. If several notes representing a single loan arrangement, give date first note was made.

Column 10. If a serial or instalment loan, or several notes representing a single loan arrangement, give date last payment is due.

Column 11. Loans scheduled for lump sum repayment, including loans customarily renewed for same or reduced amount.

Column 14. For a single payment loan or a loan repayable in instalments on which the interest charge is computed periodically on the unpaid balance, the effective interest rate is the same as the stated or nominal rate. For a loan repayable in instalments on which the interest charge is computed on the original amount of the loan, either on a discount or add on basis, the effective rate is higher than the stated rate. For example, if the loan is repayable in full in equal instalments, the effective rate is approximately twice the stated rate.

If more than one rate is charged under a serial note or other loan arrangement, report the average effective rate.

Column 15. Enter in Column 15 the code opposite the classification below which best describes the major security, if any, pledged as collateral for the loan. If the loan is secured by several kinds of collateral, indicate only the major security.

#### Code Major Security

- 1 Unsecured
- 2 Endorsed, co-maker, or nongovernment guarantee
- Secured by collateral:
- 3 Inventories (including trust receipts, warehouse receipts, and factors liens)
- 4 Equipment (including assignment of title and chattel mortgages)
- 5 Plant and other real estate
- 6 U. S. Government securities
- 7 Other bonds
- 8 Stocks
- 9 Assignment of claims or contracts, accounts receivable, and oil runs
- 10 Life insurance and savings accounts
- 11 Other security

[fol. 5667]

Sampling procedures were also used by respondent banks in the selection of individual loans to report. Banks with total deposits on June 30, 1955 of more than \$100 million reported on all their loans of \$1 million or more and on every sixth of their smaller loans (although a smaller proportion was permitted for a few banks with unusually large numbers of business loans). Banks with total deposits of \$10-\$100 million reported on every loan of \$100,000 or more and on every sixth of their smaller loans. Banks with total deposits of \$10 million or less reported on all of their business loans. Detailed information was supplied on about 190,000 individual loans.

The Survey covered all loans for business purposes. This included not only loans classified in the Member Bank Call Report

as commercial and industrial but also those classified as real estate loans which had been made for commercial and industrial purposes. Holdings of each type of open market paper (acceptances, commercial paper, and sales finance company paper) were also reported, but the respondent banks were not asked to furnish detailed information on the characteristics of such paper as in the case of other business loans.

Reports were received from 1,900 or about 95 per cent of the banks included in the sample. This unusually high rate for voluntary response reflects in part the active encouragement of banks to participate by the American Bankers Association, the Reserve City Bankers Association, and the Robert Morris Associates.



## GOVERNMENT'S EXHIBIT 10 (S)

TABLE 10 (Revised)

Analysis of Commercial and Industrial Loans of Girard Trust Corn Exchange Bank As of October 5, 1955 by Location of Borrower

	Loans \$1-\$49,999			Loans \$50,000-\$99,999		
	Value	No. of Loans		Value	No. of Loans	
	Dollars (000's)	%	No.	Dollars (000's)	%	No.
Philadelphia.....	\$2,094	68.3	175	\$2,422	67.0	39
Mont., Del. & Bucks Counties.....	203	6.6	16	409	11.3	6
Total Phila., Mont., Del. & Bucks Counties.....	2,297	74.9	191	2,831	78.4	45
Chester County, Pa.....	0	0	0	0	0	0
Other Counties, Pa.....	290	9.5	13	198	5.5	3
Mercer, Burl., Camden, Salem & Glous. Counties.....	100	3.3	5	0	0	0
Other Counties, N. J.....	55	1.8	4	255	7.1	4
New Castle County, Del.....	28	0.9	1	75	2.1	1
Other Counties, Del.....	36	1.2	1	50	1.4	1
All Other Locations.....	289	8.5	11	204	5.6	4
Total.....	3,065	100.0	226	3,613	100.0	58

[fol. 566b]

	Loans \$100,000-\$249,999				Loans \$250,000-\$499,999			
	Value		No. of Loans		Value		No. of Loans	
	Dollars (000's)	%	No.	%	Dollars (000's)	%	No.	%
Philadelphia	\$ 4,691	71.9	32	66.7	\$ 2,119	50.1	7	50.0
Mont., Del. & Bucks Counties	529	8.1	5	10.4	600	16.3	2	14.3
Total Phila., Mont., Del. & Bucks Counties	5,220	80.0	37	77.1	2,809	66.4	9	64.3
Chester County, Pa.	0	0	0	0	0	0	0	0
Other Counties, Pa.	200	3.1	2	4.2	300	7.1	1	7.1
Mercer, Burl., Camden, Salem & Citous. Counties, N. J.	130	2.0	1	2.1	0	0	0	0
Other Counties, N. J.	0	0	0	0	0	0	0	0
New Castle County, Del.	0	0	0	0	0	0	0	0
Other Counties, Del.	173	2.7	1	2.1	0	0	0	0
All Other Locations	900	12.3	7	14.6	1,120	26.5	4	28.6
Total	6,523	100.0	48	100.0	4,229	100.0	14	100.0



[fol. 5669a]

	Loans \$500,000-\$999,999			Loans \$1,000,000 or More		
	Value		No. of Loans	Value		No. of Loans
	Dollars (000's)	%		Dollars (000's)	%	
Philadelphia .....						
Mont., Del. & Bucks Counties .....	\$ 8,480	62.2	13	\$11,548	29.1	6
Total Phila., Mont., Del. & Bucks Counties .....	900	6.6	1	2,638	6.7	1
	9,380	68.8	14	14,186	35.8	7
Chester County, Pa. ....	0	0	0	0	0	0
Other Counties, Pa. ....	1,795	13.2	3	6,505	16.4	3
Mercer, Burl., Camden, Salem & Glous. Counties, N. J. ....	0	0	0	3,419	8.6	2
Other Counties, N. J. ....	0	0	0	1,472	3.7	1
New Castle County, Del. ....	750	5.5	1	2,113	5.3	1
Other Counties, Del. ....	0	0	0	0	0	0
All Other Locations .....	1,715	12.6	3	11,970	30.2	9
Total .....	13,640	100.0	21	39,665	100.0	23

Source: Government Exhibit 9 D, a schedule of loans of Girard Trust Corn Exchange Bank submitted to the Federal Reserve System in the course of the latter's Survey of Bank Loans for Commercial and Industrial Purposes Outstanding on October 5, 1955. Value data reflect the original amount of the loan or the amount of last renewal if renewed. The above data cover all commercial and industrial loans of \$1,000,000 or more and 1 loan out of each 6 for smaller loans.

[fol. 5670]

## GOVERNMENT'S EXHIBIT 11

TABLE 11

Number of Commercial Banks and Offices in the United States, 1900-1960

Year <sup>1</sup>	Number of Banks	Number of Offices	Number of Branches
1900.....	8,738	8,857	119
1910.....	21,486	22,034	548
1920.....	29,087	30,368	1,281
1930.....	22,172	25,694	3,522
1933.....	14,450	17,236	2,786
1940.....	14,344	17,875	3,531
1950.....	14,121	18,842	4,721
1955.....	13,715	20,638	6,923
1960.....	13,468	23,683	10,215

Sources: 1900-1955, *Survey of Branch Banking in the Philadelphia Area*, prepared under the direction of E. Gordon Keith of the University of Pennsylvania, Table IA. (This Survey secured 1900-1950 data from *Monetary Policy and the Management of the Public Debt*, I, Joint Committee on the Economic Report, 82nd Congress, 2nd Session, pp. 553-555 and 1955 data from *Annual Report of Federal Deposit Insurance Corporation*; 1955, p. 110).

1960 data were obtained from *Annual Report of the Board of Governors of the Federal Reserve System*, 1960, p. 131.

<sup>1</sup> As of December 31 for each year except 1920, which is as of June 30.

[fol. 5671]

## GOVERNMENT'S EXHIBIT 12

TABLE 12

Number of Commercial Banking Facilities in Pennsylvania  
As of December 31 of the years 1945, 1950, 1955, and 1959

Year	Number of Banks			Number of Branches	Total Number of Banking Offices
	Unit Banks	Operating Branches	Total Number of Banks		
1945.....	967	59	1026	120	1146
1950.....	907	64	971	193	1164
1955.....	680	138	818	471	1289
1959.....	526	193	719	740	1459
Net Change 1945-1959	-441	+134	-307	+620	+313
Per Cent Change 1945-1959	-45.6	+227.1	-29.9	+516.7	+27.3

Source: 1945-1955, *Survey of Branch Banking in the Philadelphia Area*, Prepared under the direction of E. Gordon Keith of the University of Pennsylvania. (This Survey secured 1945, 1950 and 1955 data from *Annual Reports of the Federal Deposit Insurance Corporation* for those years). 1959 data were secured from *Annual Report of F.D.I.C.*, 1959.

[fol. 5672]

## GOVERNMENT'S EXHIBIT 13 (S)

TABLE 13

Summary of Number of Commercial Banks and Banking Offices in  
Philadelphia, Delaware, Montgomery and Bucks Counties, Pennsylvania  
As of December 31, 1947, June 30, 1956 and October 3, 1960

	1947	1956	1960	Decrease	Per Cent Change
Number of Banks With Head Offices In					
Philadelphia.....	39	19	17	-22	-43.6
Del., Mont. & Bucks Counties....	69	39	26	-43	-62.3
Total 4 Counties.....	108	58	43	-65	-60.2
Number of Branch Offices In					
Philadelphia.....	62	99	NA	NA	NA
Del., Mont. & Bucks Counties....	8	75	NA	NA	NA
Total 4 Counties.....	70	174	240 <sup>1</sup>	+170	+242.9
Total Number of Banking Offices In					
Philadelphia.....	101	118	NA	NA	NA
Del., Mont. & Bucks Counties....	77	114	NA	NA	NA
Total 4 Counties.....	178	232	283 <sup>1</sup>	+105	+59.0

Sources: 1947 and 1956 data are from *Survey of Branch Banking in the Philadelphia Area*, prepared under the direction of E. Gordon Keith of the University of Pennsylvania, Tables II A and II B. 1960 data are from Report by the Board of Governors of the Federal Reserve System to the Comptroller of the Currency under the Federal Deposit Insurance Act re the proposed merger of The Philadelphia National Bank and Girard Trust Corn Exchange Bank, p. 6.

<sup>1</sup> Includes Philadelphia office of Brown Brothers Harriman and Company, a private bank, the head office of which is in New York. Does not include First Camden National Bank & Trust Company, which has one office in Philadelphia, nor National Bank of Chester County and Trust Company, which has one office in Delaware County.

## GOVERNMENT'S EXHIBIT 14 (S)

TABLE 14

Major Structural Changes Affecting the Number of Commercial Banks and Commercial Bank Offices in the United States, By Years, 1940, 1945 Through 1960

Year	New Banks	De Novo Branches	Consolidations and Absorptions		Suspensions	Voluntary Liquidations	Net Change	
			Absorptions	Branches			No. of Banks	No. of Branches
1940	32	43	96		22	49	-133	+ 35
1945	118	65	79		—	18	+ 21	+ 91
1946	144	142	93		—	16	+ 33	+179
1947	111	146	84		1	11	+137 <sup>1</sup>	+188 <sup>1</sup>
1948	80	151	75		—	12	+ 10	+189
1949	72	158	77		4	12	- 15	+206
1950	68	179	91		1	12	- 35	+236
1951	62	234	82		3	11	- 32	+273
1952	73	217	100		3	13	- 43	+280
1953	64	280	115		4	10	- 65	+353
1954	73	341	206		3	7	-141	+481
1955	116	442	231		4	5	-124	+602
1956	123	560	189		3	7	- 76	+688
1957	88 <sup>2</sup>	501	157		3	3	- 75	+604
1958	97	540	151		8	4	- 67 <sup>3</sup>	+645
1959	117	584	166		3	3	- 55	+775
1960	135	771	131		2	4	- 2	+828

Sources: 1940-1956, *Survey of Branch Banking in the Philadelphia Area*, prepared under the direction of E. Gordon Keith of the University of Pennsylvania, Tables I-C and V-A. (This Survey secured 1940-1950 data from *Monetary Policy and the Management of the Public Debt*, I, Joint Committee on the Economic Report, 82nd Congress, 2nd Session, pp. 554-556, and compiled 1951-1956 data from *Annual Reports of the Board of Governors of the Federal Reserve System*, 1951-1955 and *Federal Reserve Bulletins*, August 1956 and February 1957.) Data for 1957-1960 have been compiled from *Annual Reports of the Board of Governors of the Federal Reserve System*, 1957-1960.

<sup>1</sup> Includes 115 banks and 9 branches added because of revision in statistical series.

<sup>2</sup> Includes 1 "reopening."

<sup>3</sup> Includes 1 "other liquidation."

<sup>4</sup> Includes 28 banks and 91 branches in Alaska and Hawaii.

TABLE 15

## Summary of Savings and Time Deposits of Girard Trust Corn Exchange Bank by Location of Depositors

	Phila.	Delaware, Montgomery & Bucks Counties	Phila., Del., Mont. & Bucks Counties	Other Penna.	All Other Areas	Total
<b>Savings Fund Accounts</b>						
Number of Accounts	70,636	45,776	116,412	478	2,619	119,519
Under \$10,000	NA	NA	NA	NA	NA	1,538
Over \$10,000	59.1	38.3	97.4	0.4	2.2	100.0
Per Cent of Total Under \$10,000						
<b>Christmas Club Accounts</b>						
Number of Accounts	11,807	13,031	24,838	282	382	25,502
Per Cent of Total No.	46.3	51.1	97.4	1.1	1.5	100.0
<b>Vacation Club Accounts</b>						
Number of Accounts	336	1,925	2,261	58	0	2,319
Per Cent of Total No.	14.5	83.0	97.5	2.5	0	100.0
<b>Time Accts. &amp; Certificates of Deposit</b>						
Number of Accounts	9	6	15	NA	NA	20
Per Cent of Total No.	45.0	30.0	75.0	NA	NA	100.0
<b>Time Accounts over \$10,000</b>						
Number of Accounts	41	5	46	5	3	54
Dollar Volume <sup>1</sup>	\$6,938	\$180	\$7,118	\$1,157	\$319	\$8,594
Per Cent of Total Number of Accounts	75.9	9.3	85.2	9.3	5.5	100.0

Sources: Compilation of Girard Trust Corn Exchange Bank submitted to the U.S. Department of Justice, Antitrust Division on May 18, 1961 and May 24, 1961, in response to questions submitted to defendants on April 28, 1961 and modified May 2, 1961. Time Accounts over \$10,000 are for depositors with average balances of \$10,000 or more during June 1960. They do not include savings deposits. All other data show the number of time accounts under \$10,000 as of March 31, 1961 and an estimate of the percentage in number of accounts by Counties.

<sup>1</sup> In thousands of dollars. NA means not available.



[fol. 5675]

## GOVERNMENT'S EXHIBIT 16 (S)

TABLE 16

Concentration of Assets of Insured Commercial Banks in Philadelphia, Delaware, Mont. and Bucks Counties, Pennsylvania in 1947, 1950, 1956 and 1960, and Effect of Proposed Merger Upon Such Concentration of Assets

(All Assets are in Millions of Dollars)

	Philadelphia				Phila., Dela., Mont. and Bucks Counties			
	Largest Bank	2 Largest Banks	4 Largest Banks	4 Largest Banks	Largest Bank	2 Largest Banks	4 Largest Banks	4 Largest Banks
December 31, 1947								
Total Assets								
Phila. Nat. Bank	\$ 766	\$1,376	\$1,882	\$1,882	\$ 766	\$1,376	\$1,882	\$1,882
Penna. Co.	766	766	766	766	766	766	766	766
Corn Exchange Bank		610	610	610		610	610	610
Girard Trust Co.			283	283			283	283
Total—All Ins'd Banks	3,334	3,334	3,334	3,334	3,839	3,839	3,839	3,839
Per Cent of Total	23.0	41.3	56.5	56.5	20.0	35.9	49.1	49.1
June 30, 1950								
Total Assets								
Phila. Nat. Bank	\$ 763	\$1,402	\$1,921	\$1,921	\$ 763	\$1,402	\$1,921	\$1,921
Penna. Co.	763	763	763	763	763	763	763	763
Corn Exchange Bank		639	639	639		639	639	639
Girard Trust Co.			289	289			289	289
Total—All Ins'd Banks	3,394	3,394	3,394	3,394	3,949	3,949	3,949	3,949
Per Cent of Total	22.5	41.3	56.5	56.5	19.3	35.5	48.6	48.6

## June 30, 1956

Total Assets	\$1,039	\$2,022	\$3,027	\$1,039	\$2,022	\$3,027
First Penna. Co.	1,039	1,039	1,039	1,039	1,039	1,039
Phila. Nat. Bank		983	983		983	983
Girard Trust Corp Exchange			657			657
Fidelity Phila.			348			348
Total—All Ins'd Banks	4,142	4,142	4,142	4,693	4,693	4,693
Per Cent of Total	25.1	48.8	73.1	22.2	43.1	64.5

## June 30, 1960 (actual)

Total Assets	\$1,183	\$2,269	\$3,539	\$1,183	\$2,269	\$3,539
First Penna. Co.	1,183	1,183	1,183	1,183	1,183	1,183
Phila. Nat. Bank		1,086	1,086		1,086	1,086
Girard Trust Corp Exchange			758			758
Provident Trademens			512			512
Total—All Ins'd Banks	4,689	4,689	4,689	5,160	5,160	5,160
Per Cent of Total	25.2	48.4	75.5	22.9	44.0	68.6

## June 30, 1960 (If PNB &amp; Girard were Combined)

Total Assets	\$1,844	\$3,027	\$4,005	\$1,844	\$3,027	\$4,005
PNB & Girard Combined	1,844	1,844	1,844	1,844	1,844	1,844
First Penna. Co.		1,183	1,183		1,183	1,183
Provident Trademens			512			512
Fidelity Phila.			466			466
Total—All Ins'd Banks	4,689	4,689	4,689	5,160	5,160	5,160
Per Cent of Total	39.3	64.5	85.4	35.7	58.7	77.6

Sources: Data for 1947, 1950 and 1956 were obtained from *Survey of Branch Banking in the Philadelphia Area*, prepared under the direction of E. Gordon Keith of the University of Pennsylvania, Table A-X. June 1960 data were compiled from Polk's Bank Directory, 132nd Edition, September 1960, R. L. Polk & Co., Nashville, Tennessee.

TABLE 17

Large Loans and Lines of Credit of Girard Trust Corn Exchange Bank  
Outstanding on September 21, 1960 by Location of Borrower  
(000 Omitted in Dollar Figures)

	Philadelphia	Delaware, Montgomery & Bucks Counties	Total Philadelphia Del., Mont., & Bucks Counties	Other Penna.	All Other Areas	Total
103 Largest Loans						
Number of Loans	46	7	53	10	40	103
Dollar Volume	\$52,669	8,373	61,042	12,628	51,380	\$125,050
Per Cent of Total						
Number of Loans	44.7%	6.8%	51.5%	9.7%	38.8%	100.0%
Dollar Volume	42.1%	6.7%	48.8%	10.1%	41.1%	100.0%
100 Largest Lines of Credit						
Number of Lines	47	9	56	9	35	100
Dollar Volume	\$151,000	27,500	179,100	24,650	92,500	\$296,250
Per Cent of Total						
Number of Lines	47.0%	9.0%	56.0%	10.0%	35.0%	100.0%
Dollar Volume	51.2%	9.3%	60.5%	8.3%	31.2%	100.0%
All Loans of \$50,000 or More						
Number of Loans	518	160	678	97	210	985
Dollar Volume	\$124,066	27,878	151,944	27,286	77,726	\$256,956
Per Cent of Total						
Number of Loans	52.6%	16.3%	68.9%	9.8%	21.3%	100.0%
Dollar Volume	48.3%	10.8%	59.1%	10.7%	30.2%	100.0%
All Lines of Credit of \$50,000 or More						
Number of Lines	355	78	433	66	215	714
Dollar Volume	\$234,830	43,300	278,130	44,095	153,500	\$475,725
Per Cent of Total						
Number of Lines	49.7%	10.9%	60.6%	9.3%	30.1%	100.0%
Dollar Volume	49.4%	9.1%	58.5%	9.3%	32.2%	100.0%

Source: Supplied by defendants in response to questions submitted by plaintiff on April 28, 1961 and modified May 2, 1961.

TABLE 18

Summary of Loans and Lines of Credit of Philadelphia National Bank Outstanding on September 21, 1960, by Location of Borrower  
(All dollar volume data are in thousands)

	Philadelphia	Delaware, Montgomery & Bucks Counties	Total Phila., Del., Montgomery & Bucks Counties	Other Penna.	All Other Areas	Total
<b>100 Largest Loans</b>						
Number of Loans	31	8	39	7	54	100 0
Dollar Volume	67,776	20,295	88,071	13,546	142,057	243,674
Per cent of Total						
Number of Loans	31 0	8 0	39 0	7 0	54 0	100 0
Dollar Volume	27 8	8 3	36 1	5 6	58 3	100 0
<b>107 Largest Lines of Credit</b>						
Number of Loans	38	7	45	4	58	107
Dollar Volume	198,844	35,250	234,094	13,597	307,427	555,118
Per Cent of Total						
Number of Loans	35 5	6 5	42 1	3 7	54 2	100 0
Dollar Volume	35 8	6 4	42 2	2 4	55 1	100 0
<b>All Loans of \$50,000 or More</b>						
Number of Loans	309	246	555	98	298	951
Dollar Volume	129,256	55,798	185,054	31,736	208,209	424,999
Per cent of Total						
Number of Loans	32 5	25 9	58 4	10 3	31 3	100 0
Dollar Volume	30 4	13 1	43 5	7 5	49 0	100 0
<b>[fol. 5678]</b>						
<b>All Lines of Credit \$50,000 or More</b>						
Number of Lines of Credit	290	122	412	63	429	904
Dollar Volume	317,380	76,607	393,987	56,390	501,792	952,159
Per cent of Total						
Number of Lines of Credit	32 1	13 5	45 5	7 0	47 5	100 0
Dollar Volume	33 3	8 0	41 3	6 0	52 7	100 0

Source: Furnished by defendants in response to questions submitted by plaintiff on April 28, 1961 and modified on May 2, 1961.

[col. 5679]

## GOVERNMENT'S EXHIBIT 19

TABLE 19

PNB and GIRARD—Commercial Loans \$50,000 or More—(Category #5 on Call Report)  
(000 Omitted in Dollar Figures)

Girard Trust	Philadelphia	Delaware, Montgomery & Bucks Counties	Total in Four Counties	Other Pennsylvania	All Other Areas	Totals
No. of Loans.....	305	78	383	67	104	554
Dollar Volume.....	\$83,135	\$18,428	\$101,563	\$21,313	\$41,147	\$164,023
Per Cent of Totals						
No. of Loans.....	55.1%	14.0%	69.1%	12.1%	18.8%	100.0%
Dollar Volume.....	50.7%	11.2%	61.9%	13.0%	25.1%	100.0%
Philadelphia National						
No. of Loans.....	253	142	395	68	159	622
Dollar Volume.....	\$108,046	\$40,448	\$148,494	\$26,948	\$109,008	\$284,450
Per Cent of Total						
No. of Loans.....	40.7%	22.8%	63.5%	10.9%	25.6%	100.0%
Dollar Volume.....	38.0%	14.2%	52.2%	9.5%	38.3%	100.0%

Source: Supplied by defendants in response to questions submitted by plaintiff on April 28, 1961 and modified May 2, 1961.



## GOVERNMENT'S EXHIBIT 20 (S)

TABLE 20

Girard—Loans and Lines of Credit Under \$50,000

	Phila.	Del., Mont., & Bucks Counties	Total in Four Counties	Penna.	All Other Areas	Total
<b>Mortgage Loans</b>						
Number of Loans.....	10	30	40	1	1	42
Dollar Volume.....	92,704	203,214	295,198	547	5,376	301,841
Per Cent of Total						
Number of Loans.....	23.8%	71.4%	95.2%	2.4%	2.4%	100.0%
Dollar Volume.....	30.7%	67.3%	98.0%	0.2%	1.8%	100.0%
<b>Commercial Loans</b>						
Number of Loans.....	22	33	55	2	3	60
Dollar Volume.....	273,015	236,139	509,154	3,867	29,055	542,076
(2 lists: (1) one dated 5/10/61 from Del. Cnty. Div., Upper Darby, Pa.; (2) one dated 5/8/61, no other identification)						
Per Cent of Total						
Number of Loans.....	36.7%	55.0%	91.7%	3.3%	5.0%	100.0%
Dollar Volume.....	50.4%	43.6%	94.0%	0.7%	5.3%	100.0%
<b>Collateral Loans</b>						
Number of Loans.....	46	32	78	2	11	91
Dollar Volume.....	443,112	197,351	640,463	12,500	127,961	780,924
Per Cent of Total						
Number of Loans.....	50.5%	35.2%	85.7%	2.2%	12.1%	100.0%
Dollar Volume.....	56.7%	25.3%	82.0%	1.6%	16.4%	100.0%
<b>Lines of Credit Under \$50,000</b>						
Number of Lines.....	NA		170 <sup>1</sup>	NA	16	186
Dollar Volume.....	NA		NA	NA	NA	NA

Source: Supplied by defendants in response to questions submitted on April 28, 1961 and Modified May 2, 1961. Loans are based on a random sample of one out of 50 in each group. Lines of Credit are the actual total number as reported by Girard. They estimated that 170 of them came from Phila., Bucks, Del. and Mont. Counties.

<sup>1</sup> 91.4 per cent. NA means not available.

[fol. 5681]

## GOVERNMENT'S EXHIBIT 21 (S)

TABLE 21

## Philadelphia National Bank—Loans and Lines of Credit Under \$50,000

	Phila.	Del. Mont. & Bucls	Four Counties	Other Penna.	Other U. S.	Foreign	Total
<b>Loans under \$50,000:</b>							
(Excluding Consumer Mortgage Loans)							
Number of Loans	21	75	96	9	12	1	118
Dollar Volume	343,348	432,919	776,267	68,849	181,856	3,500	1,630,472
Per Cent							
Number of Loans	17.8	63.6	81.4	7.6	10.2	0.8	100.0
Dollar Volume	33.3	42.0	75.3	6.7	17.6	3	100.0
<b>Mortgage Loans under \$50,000:</b>							
Number of Loans	6	58	64	3	5	—	72
Dollar Volume	79,963	444,440	524,403	29,791	63,413	—	617,608
Per Cent							
Number of Loans	8.3	80.6	88.9	4.2	6.9	—	100.0
Dollar Volume	12.9	72.0	84.9	4.8	10.3	—	100.0
<b>Time Credit Loans:</b>							
Number of Loans	53	121	174	7	25	—	206
Dollar Volume	28,705	80,397	118,192	8,424	30,443	—	157,059
Per Cent							
Number of Loans	25.7	58.7	84.5	3.4	12.1	—	100.0
Dollar Volume	18.3	56.9	75.3	5.4	19.4	—	100.0

[Vol. 5682]

Lines of Credit Under \$50,000<sup>1</sup>

	Phila.	Del. Mont. & Bucks	Four Counties	Other Penna.	Other U. S.	Foreign	Total
Number of Lines.....	NA	NA	27	NA	NA	NA	50
Dollar Volume.....	NA	NA	610,000	NA	NA	NA	1,248,000
Per Cent.....							
Number of Loans.....	NA	NA	54 0	NA	NA	NA	100 0
Dollar Volume.....	NA	NA	48 9	NA	NA	NA	100 0

Source: Information furnished by Philadelphia National Bank in response to questions submitted by plaintiff on April 28, 1961, and modified on May 2, 1961.

<sup>1</sup> Based on a random sample of 1 out of 50 loans in each group.

<sup>2</sup> Based on a random sample of 1 out of 300 loans.

<sup>3</sup> Absolute figures.

NA means not available.

[Vol. 5683]

## GOVERNMENT'S EXHIBIT 22

TABLE 22

Philadelphia National Bank Commercial & Industrial Loans \$50M & Over Outstanding September 21, 1960  
(000 Omitted in Dollar Figures)

Size	Phila.	Other 3 Counties	4-County Total	All Others	Totals
<b>\$50M to \$100M</b>					
No. of Loans.....	77	69	146	51	197
Dollar Volume.....	\$ 5,040	\$ 4,838	\$ 9,878	\$ 3,515	\$13,393
Percent					
No. Loans.....	39 0%	35 0%	74 0%	26 0%	100 0%
Dollar Vol.....	38 0%	36 0%	74 0%	26 0%	100 0%
<b>\$100M to \$500M</b>					
No. of Loans.....	121	58	179	111	290
Dollar Volume.....	\$27,347	\$12,152	\$39,499	\$23,917	\$63,416
Percent					
No. Loans.....	42 0%	20 0%	62 0%	38 0%	100 0%
Dollar Vol.....	43 0%	19 0%	62 0%	38 0%	100 0%
<b>\$500M to \$1MM</b>					
No. of Loans.....	27	7	34	28	62
Dollar Volume.....	\$18,786	\$ 4,859	\$23,645	\$19,238	\$42,893
Percent					
No. Loans.....	44 0%	11 0%	55 0%	45 0%	100 0%
Dollar Vol.....	44 0%	11 5%	55 5%	44 5%	100 0%

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**31MM & Over**

No. of Loans	27	8	35	37	72
Dollar Vol.	\$56,479	\$18,599	\$75,078	\$89,405	\$164,483
Percent					
No. Loans	37.5%	11.1%	48.6%	51.4%	100.0%
Dollar Vol.	34.5%	11.2%	45.7%	54.3%	100.0%
Total No. Loans	252	142	394	227	621
Dollar Vol.	\$107,652	\$40,448	\$148,100	\$136,075	\$284,175
Percent of Total					
No. of Loans	40.5%	22.5%	63.0%	37.0%	100.0%
Dollar Vol.	37.5%	14.5%	52.0%	48.0%	100.0%

Source: Information supplied by defendants in response to questions submitted by plaintiff on April 28, 1961, and modified May 2, 1961.



[fol. 5884]

## GOVERNMENT'S EXHIBIT 23 (Revised)

## TABLE 23—Revised

Girard Trust (orn Exchange Bank Commercial & Industrial Loans, \$50M & Over Outstanding September 21, 1960  
(000 Omitted in Dollar Figures)

Size of Loan	Phila.	Delaware, Bucks & Montgomery	Total Four Counties	All Other Areas	Totals
<b>\$50M to \$100M</b>					
No. of Loans.....	127	39	166	60	228
Dollar Volume.....	8,835	2,790	11,625	4,510	16,135
<b>Percent of Total</b>					
No. of Loans.....	56.2%	17.3%	73.5%	26.5%	100%
Dollar Volume.....	54.8	17.3	72.1	27.9	100
<b>\$100M to \$500M</b>					
No. of Loans.....	143	32	175	79	254
Dollar Volume.....	34,172	7,321	41,493	18,593	60,086
<b>Percent of Total</b>					
No. of Loans.....	56.3%	12.6%	68.9%	31.1%	100%
Dollar Volume.....	56.9	12.2	69.1	30.9	100
<b>\$500M to \$1MM</b>					
No. of Loans.....	20	3	23	16	39
Dollar Volume.....	13,690	1,946	15,635	11,972	27,617

<b>Percent of Total</b>									
<b>No. of Loans</b>									
<b>Dollar Volume</b>									
<b>\$1MM &amp; Over</b>									
<b>No. of Loans</b>		13	4	17	16	33			
<b>Dollar Volume</b>		23,063	6,371	29,434	27,385	56,819			
<b>Percent of Total</b>									
<b>No. of Loans</b>		39.4%	12.1%	51.5%	48.5%	100%			
<b>Dollar Volume</b>		40.6	11.2	51.8	48.2	100			
<b>Totals</b>									
<b>No. of Loans</b>		303	78	381	171	552			
<b>Dollar Volume</b>		79,769	18,428	98,197	62,460	160,657			
<b>Percent of Total</b>									
<b>No. of Loans</b>		54.9%	14.1%	69.0%	31.0%	100%			
<b>Dollar Volume</b>		49.6	11.5	61.1	38.9	100			

Source: Information supplied by defendants in response to questions submitted by plaintiff on April 28, 1961, and modified May 2, 1961.

[Vol. 5635]

## GOVERNMENT'S EXHIBIT 24 (Revised)

TABLE 24—Revised

Commercial & Industrial Loans \$50,000 and Over  
Merging Banks' Combined Totals

(Add 000 to Dollar Figures)

Size of Loan	Phila.	Delaware, Bucks & Montgomery	Total Four Counties	All Other Areas	Grand Total
<b>\$50M to \$100M</b>					
No. of Loans.....	204	108	312	111	423
Dollar Volume.....	13,875	7,628	21,503	8,025	29,528
<b>Percent</b>					
No. of Loans.....	48.2%	25.5%	73.7%	26.3%	100%
Dollar Volume.....	47.0%	25.8%	72.8%	27.2%	100%
<b>\$100M to \$500M</b>					
No. of Loans.....	264	90	354	190	544
Dollar Volume.....	61,519	19,473	80,992	42,510	123,502
<b>Percent</b>					
No. of Loans.....	48.5%	16.5%	65.0%	35.0%	100%
Dollar Volume.....	49.8%	15.8%	65.6%	34.4%	100%
<b>\$500M to \$1MM</b>					
No. of Loans.....	47	10	57	44	101
Dollar Volume.....	32,485	6,805	39,290	31,210	70,500

Percent									
No. of Loans		46.5%		9.9%		56.4%		43.6%	
Dollar Volume		46.0%		9.7%		55.7%		44.3%	
Total									
\$1MM and Over									
No. of Loans		40		12		52		53	
Dollar Volume		79,542		24,970		104,512		116,790	
Total									
No. of Loans		38.1%		11.4%		49.5%		50.5%	
Dollar Volume		35.9%		11.3%		47.2%		52.8%	
Total									
No. of Loans		555		220		775		398	
Dollar Volume		187,421		58,876		246,297		198,535	
Total									
No. of Loans		47.3%		18.8%		66.1%		33.9%	
Dollar Volume		42.1%		13.3%		55.4%		44.6%	
Total									

Source: Information supplied by defendants in response to questions submitted by plaintiff on April 28, 1961, and modified May 2, 1961.

## GOVERNMENT'S EXHIBIT 25 (Revised)

TABLE 25—Revised

Philadelphia National Bank

All Loans \$50M &amp; Over, Except Commercial &amp; Industrial, Outstanding September 21, 1960

(000 Omitted in Dollar Figures)

Category	Phila.	Delaware, Montgomery & Bucks	Total Four Counties	All Other Areas	Totals
<b>Real Estate Loans</b>					
No. of Loans.....	17	61	78	57	135
Dollar Volume.....	12,867	4,875	17,742	11,426	29,168
Percent of Total					
No. of Loans.....	12.6%	45.2%	57.8%	42.2%	100%
Dollar Volume.....	44.1	16.7	60.8	39.2	100
<b>Loans to Financial Institutions</b>					
No. of Loans.....	5	15	20	80	100
Dollar Volume.....	4,042	5,365	9,407	64,817	74,224
Percent of Total					
No. of Loans.....	5%	15.0%	20.0%	80.0%	100%
Dollar Volume.....	5.5	7.2	12.7	87.3	100
<b>Loans for Purchasing or Carrying Securities</b>					
No. of Loans.....	2	5	7	2	9
Dollar Volume.....	287	599	886	14,925	15,811
Percent of Total					
No. of Loans.....	22.0%	56.0%	78.0%	22.0%	100%
Dollar Volume.....	1.8	3.8	5.6	94.4	100



### Loans to Individuals

No. of Loans.....	19	27	1	28
Dollar Volume.....	2,142	2,772	87	2,859
Percent of Total				

No. of Loans.....

Dollar Volume.....

28.6%  
22.0

96.5%  
97.0

3.5%  
3.0

100%  
100

### All Other Loans (Includes Loans to Govts)

No. of Loans.....	31	57	35	92
Dollar Volume.....	3,474	7,037	20,770	27,807
Percent of Total				

No. of Loans.....

Dollar Volume.....

26  
3,563

33.7%  
12.5

62.0%  
25.3

38.0%  
74.7

100%  
100

### Totals by Area

No. of Loans.....	58	189	175	364
Dollar Volume.....	21,389	37,844	112,025	149,809
Percent of Total				

No. of Loans.....

Dollar Volume.....

15.9%  
14.3

51.9%  
25.3

48.1%  
74.7

100%  
100

Source: Information supplied by defendants in response to questions submitted by plaintiff April 28, 1961, and modified May 2, 1961.

## GOVERNMENT'S EXHIBIT 26

TABLE 26

## Girard Trust Corn Exchange Bank

All Loans \$50M & Over, Except Commercial & Industrial, Outstanding September 21, 1900  
(000 Omitted in Dollar Figures)

Category	Phila.	Delaware, Montgomery & Bucks	Total four counties	All other areas	Totals
<b>Real Estate Loans</b>					
No. of Loans	38	15	53	26	79
Dollar Volume	8,299	1,479	9,778	4,806	14,584
Percent of Total					
No. of Loans	48.0%	19.0%	67.0%	33.0%	100%
Dollar Volume	56.0%	10.2%	66.2%	33.8%	100%
<b>Loans to Financial Institutions</b>					
No. of Loans	12	3	15	28	43
Dollar Volume	5,418	1,025	6,443	19,268	25,711
Percent of Total					
No. of Loans	28.0%	7.0%	35.0%	65.0%	100%
Dollar Volume	21.0%	4.0%	25.0%	75.0%	100%
<b>Loans for Purchasing or Carrying Securities</b>					
No. of Loans	23	2	25	6	31
Dollar Volume	4,637	133	4,770	806	5,576
Percent of Total					
No. of Loans	74.0%	6.5%	80.5%	19.5%	100%
Dollar Volume	83.0%	2.4%	85.6%	14.4%	100%

<b>Loans to Individuals</b>									
No. of Loans	133	59	192	61	253				
Dollar Volume	18,741	5,896	24,637	9,459	34,006				
<b>Percent of Total</b>									
No. of Loans	52.5%	23.5%	76.0%	24.0%	100%				
Dollar Volume	55.0%	17.0%	72.0%	28.0%	100%				
<b>All Other Loans (Includes loans to Government)</b>									
No. of Loans	6	2	8	13	21				
Dollar Volume	2,489	907	3,396	8,213	11,609				
<b>Percent of Total</b>									
No. of Loans	28.5%	9.5%	38.0%	62.0%	100%				
Dollar Volume	21.2%	7.8%	29.0%	71.0%	100%				
<b>Totals by Area</b>									
No. of Loans	213	81	293	134	427				
Dollar Volume	39,584	9,440	49,024	42,552	91,576				
<b>Percent of Total</b>									
No. of Loans	49.5%	19.0%	68.5%	31.5%	100%				
Dollar Volume	43.5%	10.5%	54.0%	46.0%	100%				

Source: Information supplied by defendants in response to questions submitted by plaintiff on April 28, 1961, and modified May 2, 1961.

TABLE 27—Revised

All Loans \$50M and Over Except Commercial & Industrial  
Merging Banks' Combined Totals, Outstanding September 21, 1960  
(Add 000 to Dollar Figures)

Category	Phila.	Delaware, Montgomery & Bucks	Total Four Counties	All Other Areas	Grand Total
Real Estate Loans					
No. of Loans	55	76	131	83	214
Dollar Volume	21,166	6,354	27,520	16,232	43,752
Per Cent					
No. of Loans	25.7%	35.5%	61.2%	38.8%	100%
Dollar Volume	48.4	14.5	62.9	37.1	100
Loans to Financial Institutions					
No. of Loans	17	18	35	108	143
Dollar Volume	9,460	6,390	15,850	84,085	99,935
Per Cent					
No. of Loans	11.9%	12.6%	24.5%	75.5%	100%
Dollar Volume	9.5	6.4	15.9	84.1	100
Loans for Purchasing or Carrying Securities					
No. of Loans	25	70	32	8	40
Dollar Volume	4,924	732	5,656	15,731	21,387
Per Cent					
No. of Loans	62.5%	17.5%	80.0%	20.0%	100%
Dollar Volume	23.0	3.4	26.4	73.6	100
Loans to Individuals					
No. of Loans	141	78	219	62	281
Dollar Volume	19,371	8,038	27,409	9,546	36,955

<b>Per Cent</b>									
No. of Loans.....	50.1%	27.8%	77.9%	22.1%	100%				
Dollar Volume.....	52.4	21.8	74.2	25.8	100				
<b>All Other Loans</b>									
(Includes Loans to Governments)									
No. of Loans.....	32	33	65	48	113				
Dollar Volume.....	6,052	4,381	10,433	28,983	39,416				
<b>Per Cent</b>									
No. of Loans.....	28.3%	29.2%	57.5%	42.5%	100%				
Dollar Volume.....	15.4	11.1	26.5	73.5	100				
<b>Totals by Area</b>									
No. of Loans.....	270	212	482	309	791				
Dollar Volume.....	60,973	25,895	86,868	154,577	241,445				
<b>Per Cent</b>									
No. of Loans.....	34.1%	26.8%	60.9%	29.1%	100%				
Dollar Volume.....	25.3	10.7	36.0	64.0	100				

Source: Information supplied by defendants in response to questions submitted by plaintiff April 28, 1961, and modified May 2, 1961.



## GOVERNMENT'S EXHIBIT 28 (S)

TABLE 28

## Philadelphia National Bank

- All Personal & Business Demand Deposit Accounts \$10M & Over  
(000 Omitted in Dollar Figures)

Size.	Phila.	Delaware, Montgomery, & Bucks	Total Four Counties	All Other Areas	Totals
<b>\$10M to \$50M</b>					
No. of Accounts.....	1,366	945	2,311	510	2,821
Dollar Volume.....	29,465	19,128	48,593	11,214	69,807
Percent of Total					
No. of Accounts.....	48.5%	33.5%	82.0%	18.0%	100%
Dollar Volume.....	49.5	32.0	81.5	18.5	100
<b>\$50M to \$100M</b>					
No. of Accounts.....	231	111	342	178	520
Dollar Volume.....	16,31	7,563	23,882	12,272	36,154
Percent of Total					
No. of Accounts.....	44.5%	22.0%	66.5%	33.5%	100%
Dollar Volume.....	45.0	21.0	66.0	34.0	100
<b>\$100M to \$500M</b>					
No. of Accounts.....	261	72	333	244	577
Dollar Volume.....	64,150	14,251	68,401	46,823	115,224
Percent of Total					
No. of Accounts.....	45.5%	12.5%	58.0%	42.0%	100%
Dollar Volume.....	47.0	12.5	59.5	40.5	100

<b>\$500M to \$1,000M</b>					
No. of Accounts	28	8	36	44	80
Dollar Volume	20,176	5,648	25,824	31,114	56,938
Percent of Total					
No. of Accounts	35.0%	10.0%	45.0%	55.0%	100%
Dollar Volume	35.5	10.0	45.5	54.5	100
<b>\$1,000M &amp; Over</b>					
No. of Accounts	34	4	38	20	58
Dollar Volume	94,066	8,802	102,868	43,748	146,616
Percent of Total					
No. of Accounts	58.5%	7.0%	65.5%	34.5%	100%
Dollar Volume	63.0	6.0	69.5	30.5	100
<b>Totals by Area</b>					
No. of Accounts	1,920	1,140	3,060	946	4,056
Dollar Volume	214,176	55,392	269,568	145,171	414,739
Percent of Total					
No. of Accounts	47.5%	28.0%	75.5%	24.5%	100%
Dollar Volume	51.5	13.5	65.0	35.0	100

Source: Information as of June 1960 supplied by defendants in response to questions submitted by plaintiff on April 28, 1961, and modified May 2, 1961.

[Vol. 50(6)]

## Government's Exhibit 28-A (S)

TABLE 28A

Time Deposits, \$10,000 and Over, and Government Demand Deposits of Philadelphia National Bank in Philadelphia, Bucks, Delaware and Montgomery Counties, Pennsylvania, as of June 1960  
(000 Omitted in Dollar Figures)

Category	Philadelphia	Bucks, Delaware & Montgomery Counties	Four County Total	All Other Areas	Totals
<b>Time Deposits, \$10M and Over</b>					
No. of Accounts	42	14	56	38	94
Dollar Volume	14,200	911	15,111	18,068	33,179
Per Cent -					
No. of Accounts	44.5%	15.0%	59.5%	40.5%	100%
Dollar Volume	43.0	2.8	45.8	54.3	100
<b>Government Demand Deposits</b>					
No. of Accounts	27	84	111	19	130
Dollar Volume	60,863	3,811	73,674	23,803	97,477
Per Cent					
No. of Accounts	20.5%	64.5%	85.0%	15.0%	100%
Dollar Volume	71.0	4.0	75.0	25.0	100

Source: Information supplied by Philadelphia National Bank in response to questions submitted by plaintiff on April 18, 1961 and modified May 2, 1961.

## GOVERNMENT'S EXHIBIT 29 (Revised)

TABLE 29—Revised

Individual, Partnership and Corporation Demand Deposit Accounts \$10M and Over of Philadelphia National Bank,  
Girard Trust Corn Exchange Bank, and Merging Banks Combined  
(Add 000 to Dollar Figures)

	Phila.	Delaware, Montgomery and Bucks	Total Four Counties	All Other Areas	Totals
<b>Philadelphia National Bank</b>					
No. of Accounts	1,920	1,140	3,060	996	4,056
Dollar Volume	214,176	55,392	269,568	145,711	414,739
Per Cent					
No. of Accounts	47.3%	28.1%	75.4%	24.6%	100%
Dollar Volume	51.6	13.4	65.0	35.0	100
<b>Girard Trust Corn Exchange</b>					
No. of Accounts	2,961	1,058	4,019	778	4,797
Dollar Volume	185,632	37,088	222,720	62,520	285,240
Per Cent					
No. of Accounts	61.7%	22.1%	83.8%	16.2%	100%
Dollar Volume	65.1	13.0	78.1	21.9	100
<b>PNB and Girard Combined</b>					
No. of Accounts	4,881	2,198	7,079	1,774	8,853
Dollar Volume	399,808	92,480	493,288	207,691	699,979
Per Cent					
No. of Accounts	55.0%	25.0%	80.0%	20.0%	100%
Dollar Volume	57.1	13.2	70.3	29.7	100

Source: Information as of June 30, 1960, supplied by defendants in response to questions submitted by plaintiff April 28, 1961, and modified May 2, 1961.

TABLE 30

Analysis of 100 Largest IPC Demand Deposit Accounts of Girard Trust Corn Exchange Bank and 100 Largest IPC Demand Deposits  
Accounts of Philadelphia National Bank by Location of Such Depositors  
(Add 000 to Dollar Volumes)

Girard	Phila.	Other 3 Counties	4-County Total	Other Penna	All Others	Grand Total
No. of accounts.....	61	7	68	10	22	100
Dollar Volume.....	68,639	4,744	73,383	9,345	14,586	97,314
Per Cent						
No. of Accounts.....	61.0%	7.0%	68.0%	10.0%	22.0%	100%
Dollar Volume.....	70.5	4.9	75.4	9.6	15.0	100
Philadelphia National Bank						
No. of Accounts.....	45	10	55	7	38	100
Dollar Volume.....	103,036	13,515	116,551	9,464	59,340	185,355
Per Cent						
No. of Accounts.....	45.0%	10.0%	55.0%	7.0%	38.0%	100%
Dollar Volume.....	55.6	7.3	62.9	5.1	32.0	100
Girard & Philadelphia National Bank Combined						
No. of Accounts.....	106	17	123	17	60	200
Dollar Volume.....	171,675	18,259	189,934	18,809	73,926	282,669
Per Cent						
No. of Accounts.....	53.0%	8.5%	61.5%	8.5%	30.0%	100%
Dollar Volume.....	60.7	6.5	67.2	6.7	26.1	100

Source: Based on information supplied by defendants in response to questions submitted by plaintiff April 28, 1961, and modified May 2, 1961. Average deposit balance during month of June, 1960. IPC Deposits are those of individuals, partnerships and corporations other than those of banks and governmental organizations.



[fol. 5693]

## GOVERNMENT'S EXHIBIT 31 (S)

TABLE 31

## The Philadelphia National Bank

Number and Location of Savings Accounts and Time Deposits under \$10,000  
as of March 31, 1961

## Savings Accounts

	No.	%
4-county area .....	88,055	94.5%
7-county surrounding area consisting of Chester (Pa.), Burlington (N.J.), Camden (N.J.), Gloucester (N.J.), Mercer (N.J.), Salem (N.J.), New Castle (Del.) .....	3,254	3.5%
Outside 11-county area .....	1,861	2.0%
Total .....	93,173	100.0%

## Time Deposits under \$10,000

	No.	%	Dollar Amt.	%
4-county area .....	16	72.7%	\$59,805	65.1%
7-county surrounding area consisting of Chester (Pa.), Burlington (N.J.), Camden (N.J.), Gloucester (N.J.), Mercer (N.J.), Salem (N.J.), New Castle (Del.) .....	1	4.6%	\$ 8,000	8.7%
Outside 11-county area .....	5	22.7%	\$24,049	26.2%
Total .....	22	100.0%	\$91,854	100.0%

Source: Prepared from information submitted by defendant Philadelphia National Bank in response to question 13 propounded by plaintiff April 28, 1961, and modified May 2, 1961.

[fol. 5694]

## GOVERNMENT'S EXHIBIT 32

TABLE 32

Relative Ranking of the Five Largest Philadelphia Banks by Total Deposits  
(No. 1 Bank=100)

## Before Consolidation

Bank No. 1 (1st Penna.) .....	100
Bank No. 2 (Phila/Nat'l) .....	97
Bank No. 3 (Girard) .....	65
Bank No. 4 (Provident Tradesmen's) .....	45
Bank No. 5 (Fidelity-Phila) .....	42

## After Consolidation

Bank No. 1 (Phila-Girard) .....	100
Bank No. 2 (1st Penna.) .....	62
Bank No. 3 (Provident Tradesmen's) .....	28
Bank No. 4 (Fidelity-Phila) .....	26
Bank No. 5 (Central-Penn) .....	15

Source: Based on information in report by the Board of Governors of the Federal Reserve System to the Comptroller of the Currency on the proposed consolidation of The Philadelphia National Bank and Girard Trust Corn Exchange Bank, p. 9.

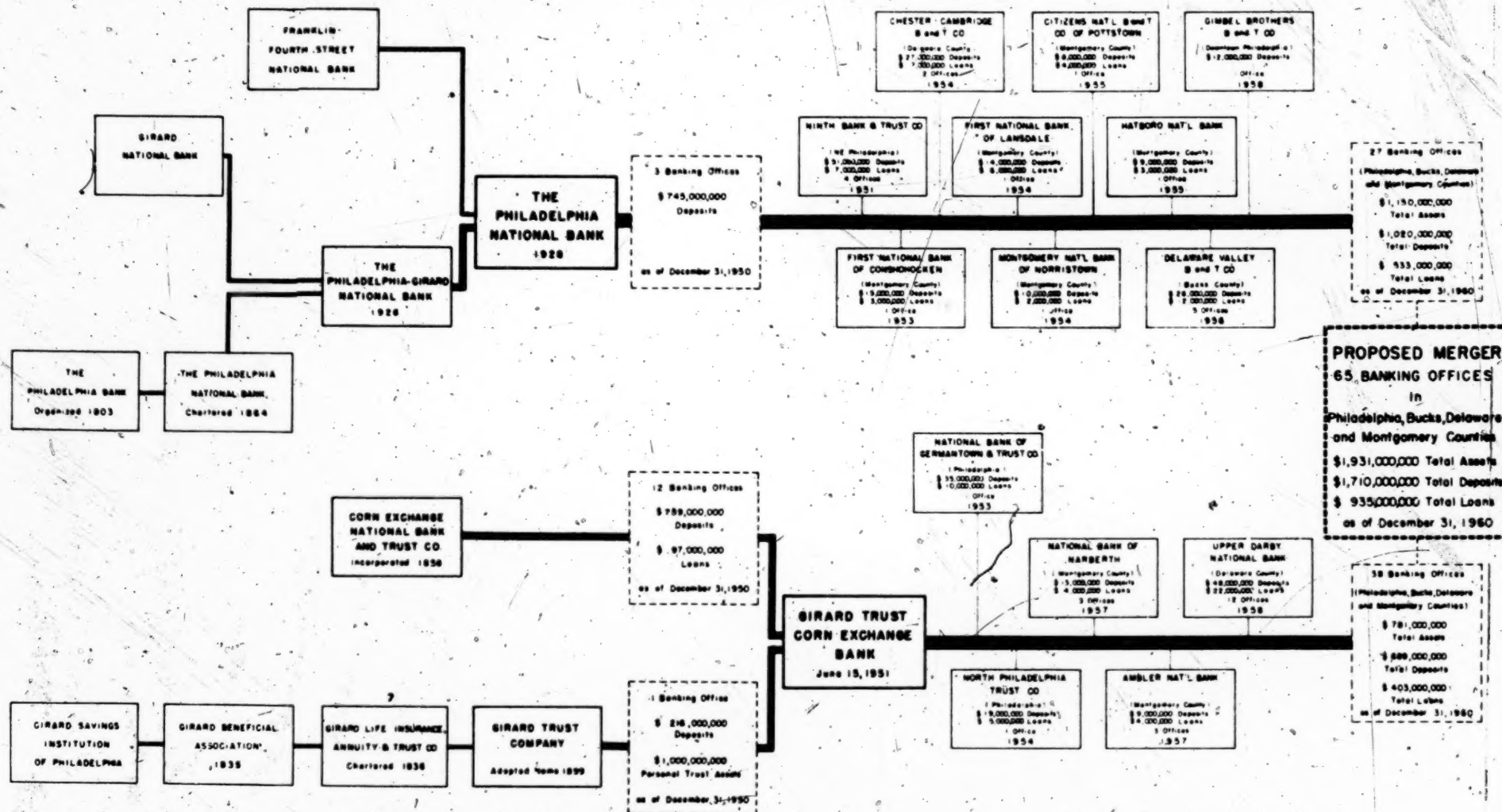
[fol. 5695]

## GOVERNMENT'S EXHIBIT 33-B

Chart I

## FINANCIAL HISTORY OF THE PHILADELPHIA NATIONAL BANK AND GIRARD TRUST CORN EXCHANGE BANK

Showing All Acquisitions Since 1950 and Total Offices, Assets, Deposits and Loans of Proposed Merger

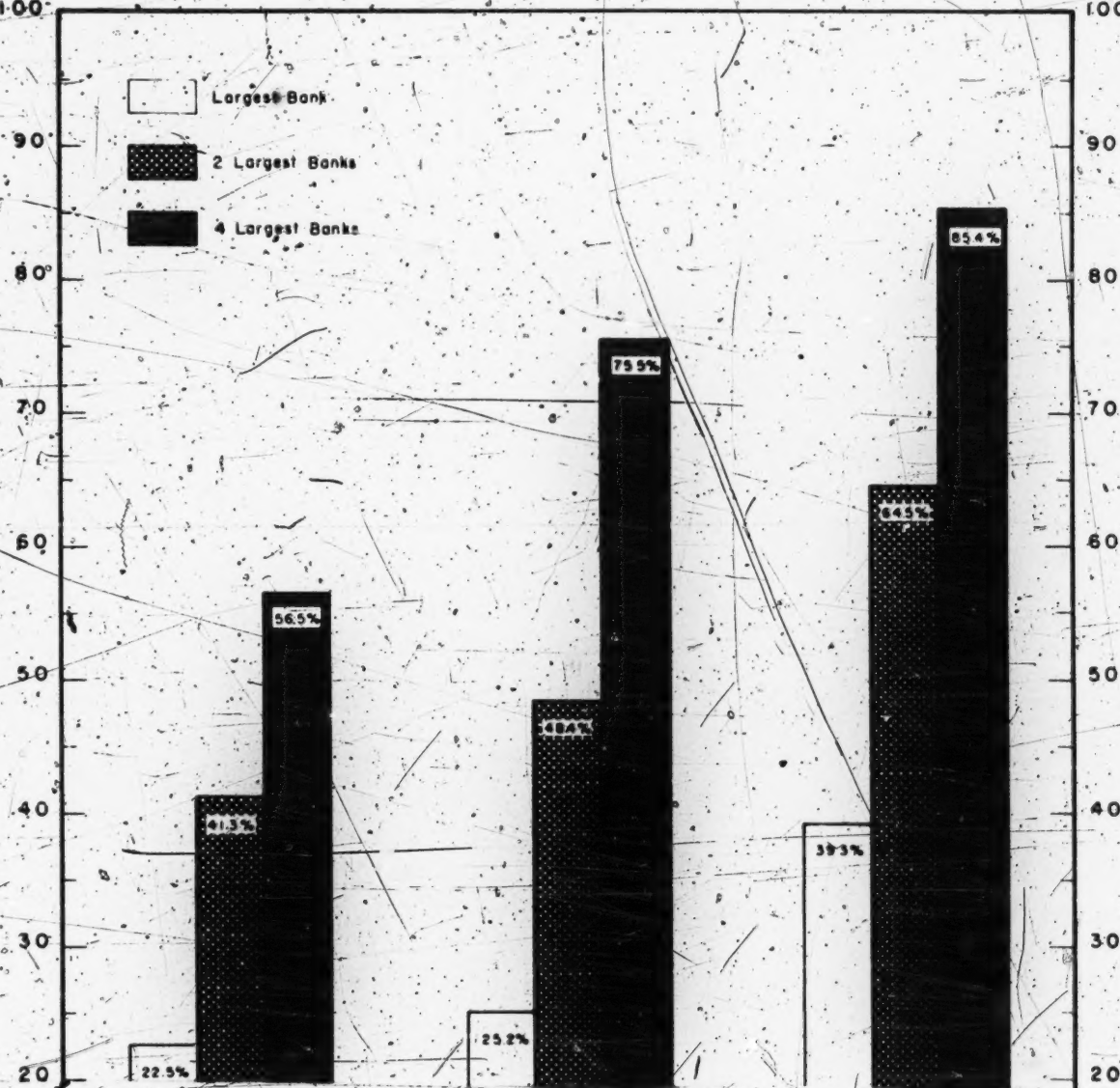


Sources: Application for Approval to Merge Girard Trust Corn Exchange Bank into The Philadelphia National Bank filed with the Comptroller of the Currency, November 15, 1960; Reports of Condition of Girard Trust Corn Exchange Bank and The Philadelphia National Bank as of December 31, 1960; and Answers of said Banks to the government's Complaint to said proposed merger (Civil Action 29287, U.S. District Court E.D. of Pa., filed February 25, 1961). Defendants' Answers to the Complaint were dated March 10, 1961.

**Concentration of Assets of Insured Commercial Banks in  
Philadelphia as of June 30, 1950 and June 30, 1960  
and Effect of Proposed Merger Upon Such Concentration**

Per Cent of Total  
Assets of All Banks  
100

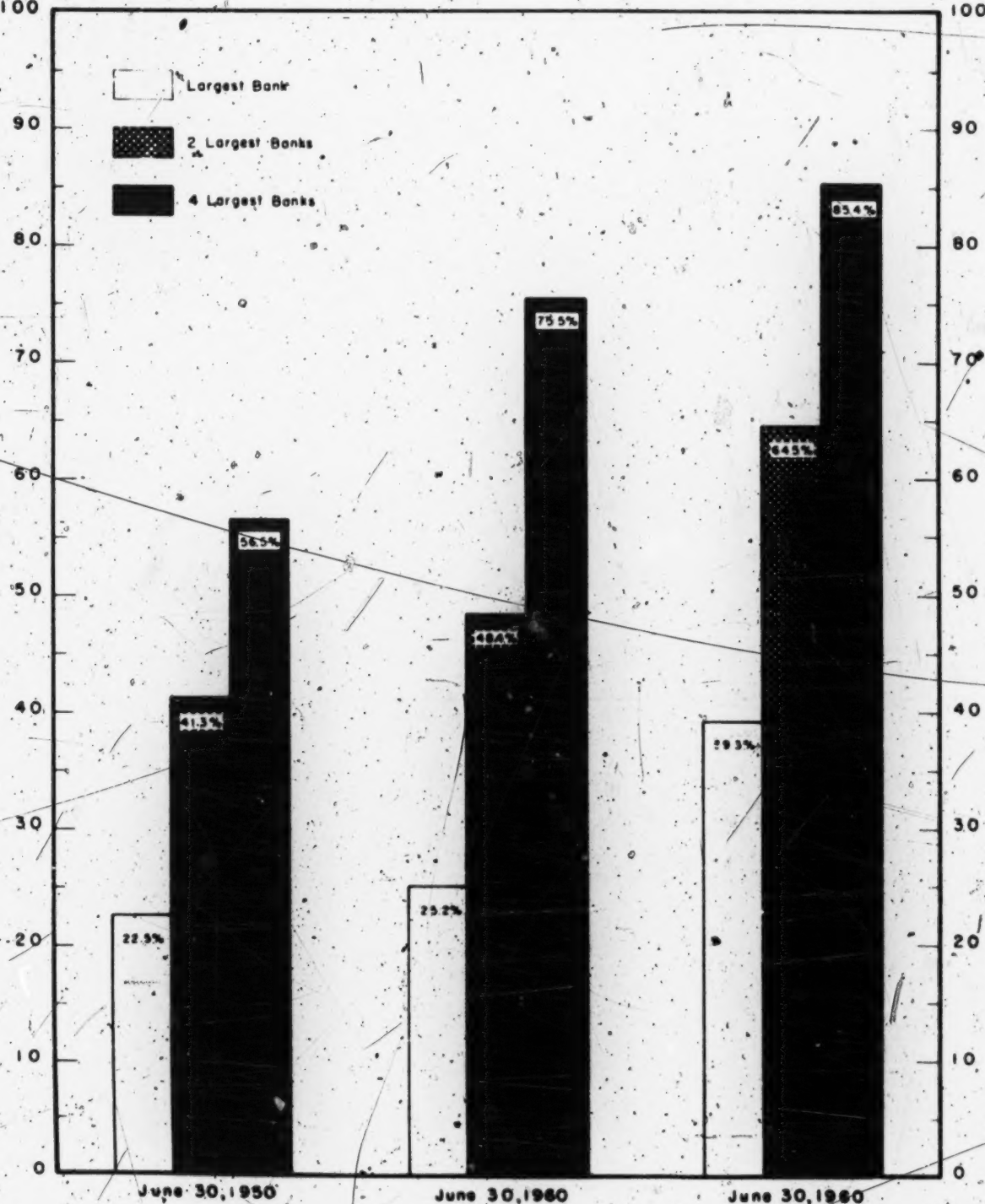
Per Cent of Total  
Assets of All Banks  
100



# and Effect of Proposed Merger Upon Such Concentration

Per Cent of Total  
Assets of All Banks  
100

Per Cent of Total  
Assets of All Banks  
100



If Philadelphia National  
and Girard were Combined



[fol. 5697]

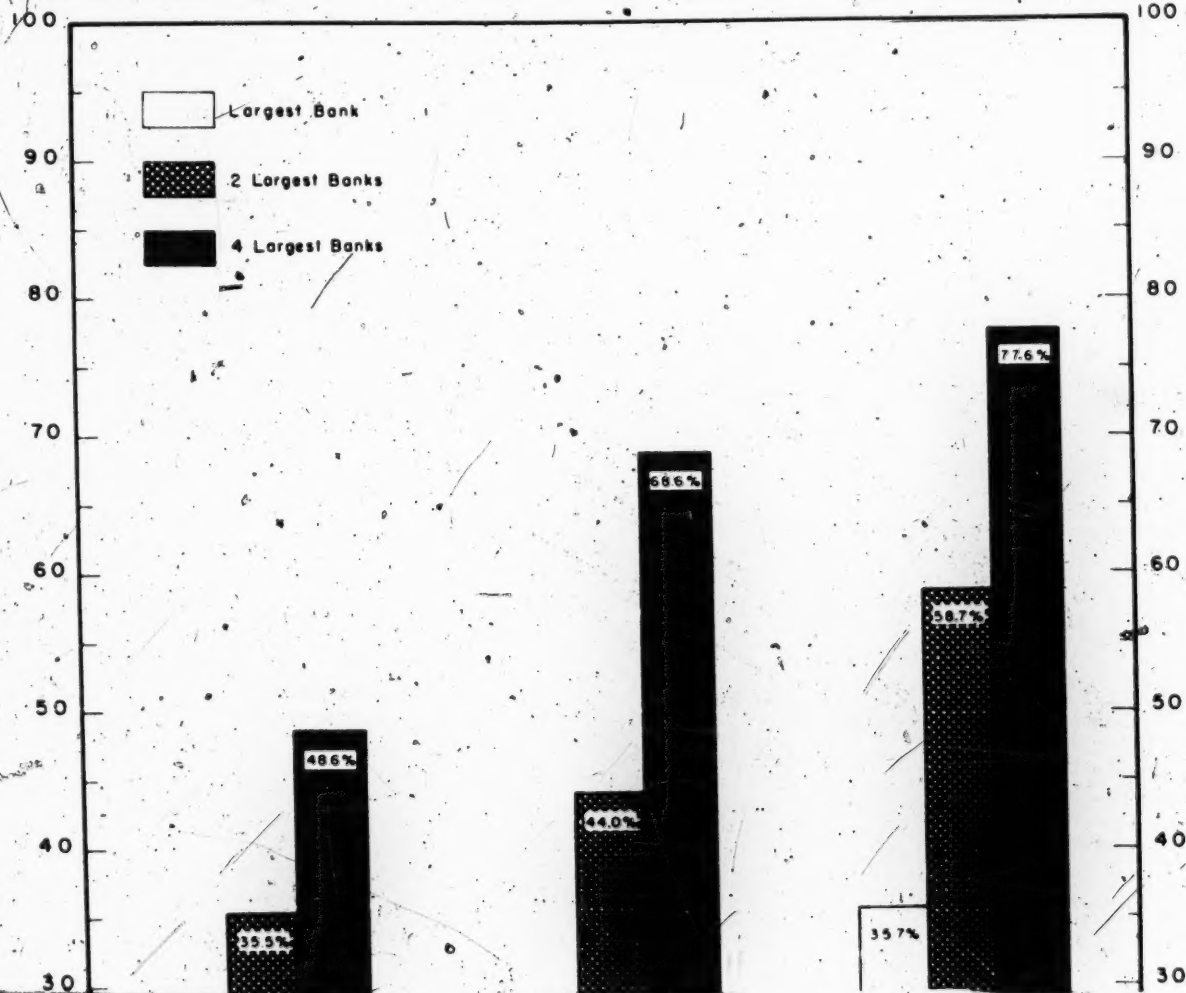
GOVERNMENT'S EXHIBIT 35

Chart III

Concentration of Assets of Insured Commercial Banks in  
Philadelphia, Delaware, Montgomery and Bucks Counties,  
Pennsylvania as of June 30, 1950 and June 30, 1960  
and Effect of Proposed Merger upon Such Concentration

Per Cent of Total  
Assets of All Banks

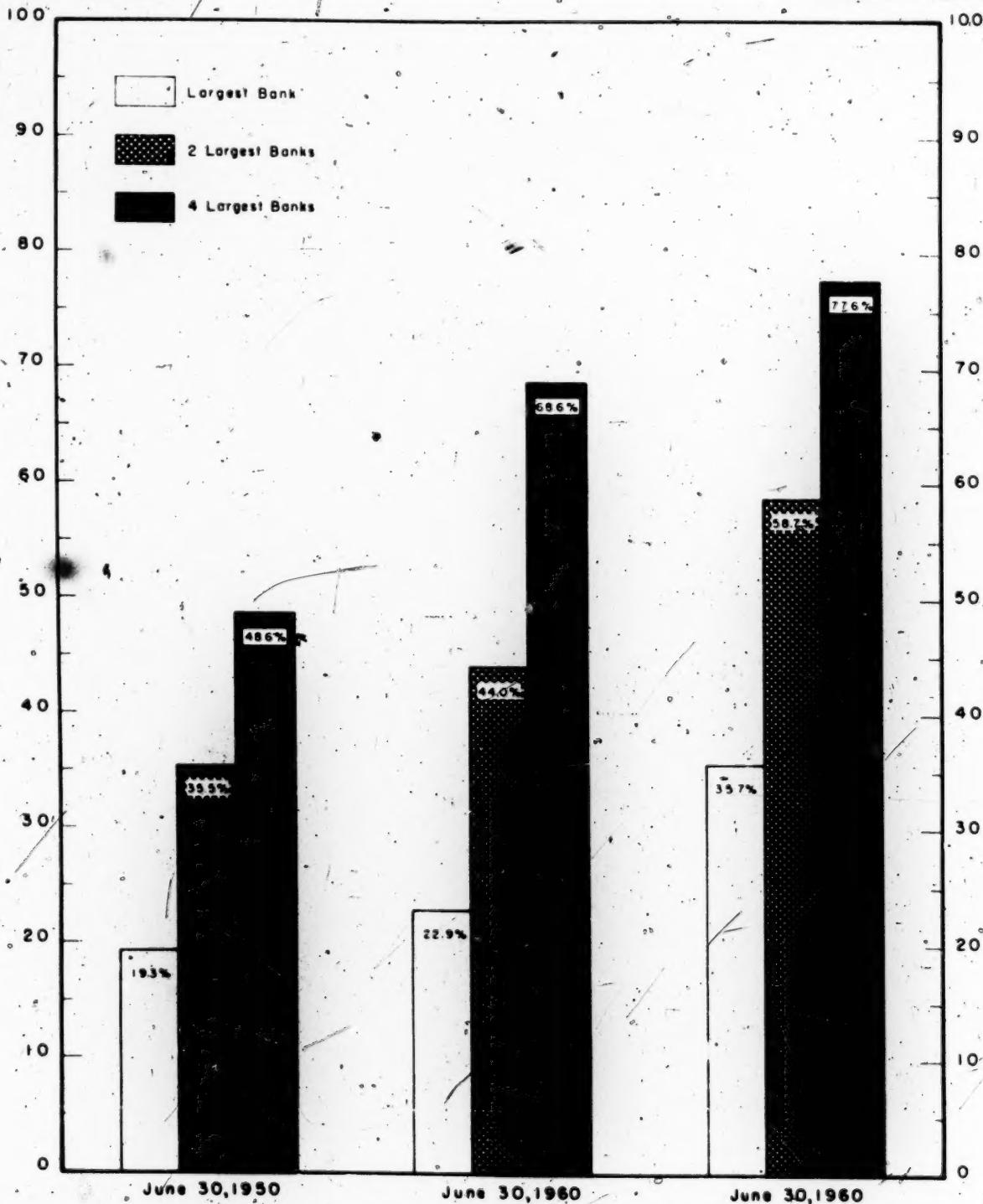
Per Cent of Total  
Assets of All Banks





Per Cent of Total  
Assets of All Banks

Per Cent of Total  
Assets of All Banks



if Philadelphia National  
and Girard were Combined



[fol. 5698]

## GOVERNMENT'S EXHIBIT 45 (S)

Comparison of Proposed Service Charges of "Resulting" Bank With Service Charges of Philadelphia National Bank and Girard Trust Corn Exchange Bank Immediately Prior to Their Application To Merge

Categories of Service Charges to Customers	No. of Proposed Charges of "Resulting" Bank Which are			
	The Higher of PNB or G	The Lower of PNB or G	Between PNB & G	Un- changed
Special Checking Accounts .....	5	0	1 <sup>1</sup>	3
Company and Personal Accounts .....	2	0	0	0
Analysis—Personal Accounts over \$500 .....	2	1	0	1
Analysis—Company Accounts over \$500 .....	2	3	0	1
Other Analysis Charges .....	9	0	1 <sup>1</sup>	2
Other Miscellaneous Charges <sup>1</sup> .....	4	0	0	0
Charges to Correspondent Banks .....	6	0	0	0
Total .....	30	4	2	7

Source: Application for Approval to Merge Girard Trust Corn Exchange Bank into the Philadelphia National Bank filed with the Comptroller of the Currency, November 15, 1960, pp. 104-107.

<sup>1</sup> The net effect of the difference was indeterminate in two classes of charges (those relating to "payrolls" and "checks cashed").

<sup>2</sup> Both of these charges were closer to the higher than to the lower previous charge.

# Hypothetical Illustration of Expansion of Credit by Commercial Banks

## Assumptions

(1) Bank A obtains \$100,000 by borrowing at its district Federal Reserve bank.

(2) All banks are subject to a 20 per cent reserve requirement to be held in the form of a deposit at their district Federal Reserve banks or in cash.

(3) All banks are initially holding reserves exactly equal to 20 per cent of their deposits, i.e., they have no "excess reserves."

The effect of the initial borrowing on Bank A's balance sheet would be as follows:

Assets		Bank A		Liabilities	
Reserves	+ 100	Bills payable			+ 100

## Stage I

Bank A now has \$100 thousand dollars of reserves in excess of requirements and can make loans to customers (or buy securities) to the extent of this amount. Assuming customers take their loans initially in the form of credits to their demand deposit accounts, the effect of this would be as follows:

Assets		Bank A		Liabilities	
Loans	+ 100	Demand deposits			+ 100

However, we may expect that the borrowers will use their newly borrowed funds quite promptly and since our banking system contains over 13,000 independent banks, virtually all of the checks written on the newly created deposits will be deposited by their recipients in other banks in the system. When this happens and the checks are collected through the Federal Reserve System, the effect on Bank A's balance sheet will be as follows:

Assets		Bank A		Liabilities	
Reserves	- 100	Demand deposits			- 100

[fol: 5700] *Conclusion: A single bank in a unit banking system, such as ours, containing many banks, can safely lend only approximately the amount of its excess reserves.*

## Stage II

The reserves and deposits lost by Bank A are, however, deposited in other banks, which we may designate as Banks B, whose balance sheets will show the following:

Banks B			
Reserves	+ 100	Demand deposits	+ 100

The original deposits in Bank A were created by the bank in the process of making loans, whereas these deposits in Banks B result from the actual deposit of checks by customers. Past experience tells the banker that deposits received in this way show a stability of behavior which makes it safe for him to maintain fractional reserves behind them. Accordingly, Banks B set aside \$20 thousand of the newly-received reserves to satisfy the requirements for the new deposits and have \$80 thousand of excess reserves to lend or invest. When they do this, however, as in the case of Bank A, they can expect to lose the deposits and reserves quite promptly. The result is as follows:

Banks B			
Loans	+ 80	Demand deposits	+ 80
Reserves	- 80	Demand deposits	- 80

## Stage III

The \$80 thousand reserves and deposits lost by Banks B are received by another set of Banks C, which set aside \$16,000 of reserves behind the new deposits and lend out the remaining \$64,000. They, in turn, lose the \$64,000 of reserves and deposits to another set of banks. Their balance sheets will show:

Banks C			
Reserves	+ 80	Demand deposits	+ 80
Loans	+ 64	Demand deposits	+ 64
Reserves	- 64	Demand deposits	- 64

The \$64,000 of deposits and reserves are received by other banks (Banks D), which can set aside 20 per cent of the reserves and lend out the rest, and so on.



## [fol. 5701] Recapitulation

As can be seen from the above analysis, Banks B come out with \$100 thousand of additional deposits, Banks C with \$80 thousand, Banks D with \$64,000, and so on in a series of stages. This process can go on spreading the reserves around from bank to bank until a pyramid of deposits and loans amounting to \$500,000 has been created on the basis of the original \$100,000 of reserves. When the process has been completed, the consolidated balance sheet for the banking system as a whole will show the following result, as compared with the situation existing before the process started:

Banking System			
Reserves	+ 100	Bills payable	+ 100
Loans	+ 500	Demand deposits	+ 500

*Conclusion: Even though any individual bank can lend only an amount approximately to its excess reserves (i.e., can only lend the amount of reserves it can afford to lose), the banking system as a whole can expand its loans and deposits by an amount equal to several times its excess reserves. (The multiple is determined, approximately, by taking the reciprocal of the reserve requirement—e.g., in the above illustration the multiple is the reciprocal of 20 per cent, or 5.)*

[fol. 5702]

## GOVERNMENT'S EXHIBIT 54

TABLE IIa

Consolidated Balance Sheet all Commercial Banks in the United States  
December 31, 1960  
(billions of dollars)

Assets		Liabilities and Capital Accounts	
Cash assets	52.2	Deposits	229.8
Loans and investments	199.5	Demand	156.4
U. S. government securities	67.2	Time	73.4
Other Loans and investments	132.3	Other liabilities	6.8
Other assets	5.9	Capital accounts	21.0
Total assets	257.6	Total liabilities and capital accounts	257.6

Source: *Federal Reserve Bulletin*, April 1961, p. 431.

[fol. 5703]

## GOVERNMENT'S EXHIBIT 55

TABLE III

Loans and Investments of all Commercial Banks, December 31, 1960  
(amounts in billions)

	Amount	Percent of Total
Total loans and investments	\$201.9	100.0
Total loans	120.0	59.4
Commercial loans	43.1	21.3
Agricultural loans	5.7	2.8
Loans for purchasing or carrying securities	5.1	2.5
Loans to financial institutions	8.1	4.0
Real estate loans	28.7	14.2
Other loans to individuals	26.4	13.1
Other loans	2.9	1.4
Total investments	81.9	40.6
U. S. Government obligations	61.0	30.3
State and local government obligations	17.6	8.7
Other securities	3.3	1.6

Note: Items may not add to totals due to rounding.

Source: *Federal Reserve Bulletin*, April 1961, p. 434.

[fol. 5704]

## GOVERNMENT'S EXHIBIT 56

TABLE IIIa

Assets of Savings and Loan Associations in the United States, December 31, 1959  
(amounts in millions)

Type of Asset	Amount	Per cent of Total
Cash assets	\$ 2,189	3.5
U. S. Government securities	4,471	7.0
Mortgage loans	53,087	83.6
Other assets	3,725	5.9
Total	\$63,472	100.0

Number of associations: 6,230.

Source: *Savings and Loan Fact Book, 1960* (United States Savings and Loan League).

[fol. 5705]

## GOVERNMENT'S EXHIBIT 57

Application for Approval to Merge Girard Trust Corn  
Exchange Bank into The Philadelphia National Bank

November 15, 1960

[fol. 5706]

## Table of Contents

	Page
Application	2427
Popular Name and Location of Proposed Branches	2428
Basic Reasons	2433
Negotiations	2437
Extent of Common Ownership or Management	2438
Miscellaneous Information and Signatures	2440
1. Financial History and Condition	2440
Statement of Assets and Liabilities	2449
Description and Explanation of Adjustments	2450
Analysis of Loan and Deposit Accounts	2451
2. Adequacy of Capital Structure	2452
3. Future Earnings Prospects	2453
Statements of Current Operating Income and Expense	2453
Net Current Operating Income—Previous Five Calendar Years	2454
Supporting Memoranda to Future Earnings Prospects	2455
4. Management	2456
5. Convenience and Needs of Community	2459
Head Offices of Commercial Banks in Service Areas	2460
Branch Offices of Commercial Banks in Service Areas	2469
List of Pending Applications for Branches and Branches Approved but not yet opened	2486
List of Branch Offices to be discontinued if proposed merger is effected	2486

[fol. 5707]

Description of Service Area and Economic Outlook	2488
Lending Power and Capacity of Participating Banks and Resulting Bank in relation to credit needs of Service Areas	2489
Types of Services which Resulting Bank will offer	2490

## (5. Convenience and Needs of Community—cont'd.)

Page

Past Record of Applicant Banks with respect to growth, awareness of responsibilities, and alertness to service needs 2492

Other supporting information 2500

6. Consistency of Corporate Powers of Applying Banks with the purposes of The Federal Deposit Insurance Act 2500

7. Effect of Proposed Transaction on Competition 2500

Exhibit A—Schedule of "IPC" Deposits 2500

Exhibit B—Comments on Competition provided by Mutual Savings Banks and Savings and Loan Associations 2501

Exhibit C—Comments on Competition provided by Insurance Companies, Credit Unions, Sales Finance Companies, Personal Loan Companies, Factors, Direct Lending Agencies, etc. 2506

Exhibit D—Comments regarding common Deposit and Loan Accounts of the Participating Banks 2509

Exhibit E—Comments regarding Deposits and Loans of Participating Banks originating in the other's service area 2511

Exhibit F—Schedule of loans placed or shared with other banks 2512

Exhibit G—Schedule of Interest Rates and Service Charges on Loans and Deposits 2513

Exhibit H—Comments on Trust Department activities of Participating Banks 2522

[fol. 5708]

Exhibit I—Statement regarding Ownership of Stock in Other Banks by Directors, Officers, Pension or Profit-Sharing Trusts 2524

(7. Effect of Proposed Transaction on Competition—  
cont'd.)

	Page
Exhibit J—Statement regarding affiliation of Participating Banks with Other Banks or a Holding Company	2524
Exhibit K—Comments on over-all effect of proposed merger on the com- petitive situation	2524
Basis for Proposed Merger	2540
Schedule showing adjustments to book values to de- termine fair values	2542
List of Non-conforming Assets	2544
Disposition to be made of Non-conforming Assets	2544



[fol. 5709]

Form No. 1931

(Rev. July 1960)

Treasury Department

Office of the Comptroller of the Currency

Application for Approval to Merge

Date—November 15, 1960.

Comptroller of the Currency,  
Washington 25, D. C.

Sir:

Pursuant to the attached certified copies of resolutions of the Boards of Directors of the following banks, application is hereby made for the approval of the Comptroller of the Currency, which is required under the provisions of Section 18(c) of the Federal Deposit Insurance Act, as amended (12 USC 1828(c)), and Section 215a of Title 12, United States Code, to merge

Girard Trust Corn Exchange Bank (County)	(State)	Philadelphia (City)
---	---------	------------------------

Philadelphia County	Pennsylvania	A State Bank (Charter No.)
---------------------	--------------	-------------------------------

into

The Philadelphia National Bank (Name of Bank)	Philadelphia (City)
--	------------------------

Philadelphia County (County)	Pennsylvania (State)	Charter No. 539 (Charter No.)
---------------------------------	-------------------------	----------------------------------

under the Charter of The Philadelphia National Bank  
and with the Title, Philadelphia Girard National Bank and  
Trust Company

Desired effective date, March 17, 1961.

[fol. 5710]

Application is hereby also made on behalf of such Resulting Bank to the Comptroller of the Currency, pursuant to Section 5155 of the United States Revised Statutes, for permission to establish branches at the following locations now occupied by the head office and branches, or to be occupied by approved branches of Girard Trust Corn Exchange Bank.

Branch	Date Opened	How Acquired	Population of City, Town or Village
Philadelphia County Division Main Office	Main Office of Girard Trust Company chartered on March 17, 1836	Girard merged with Corn Exchange National Bank on June 18, 1951	1,971,239
Downtown 2nd & Chestnut Sts., Phila.	Former main office of Corn Exchange National Bank. Chartered September 23, 1858	Corn Exchange merged with Girard Trust Company on June 18, 1951	1,971,239
Arch Street 3rd & Arch Sts. Phila.	1858	Union Bank & Trust Company liquidation April 12, 1929	1,971,239
Bridesburg Kirktide, Ash & Thompson Sts. Phila.	1918	Oxford Bank & Trust Company merger November 1, 1928	1,971,239
Burholme Rising Sun and Cottman Aves. Phila.	12/16/22	Oxford Bank & Trust Company merger November 1, 1928	1,971,239
Germentown 5500 Germentown Ave. Phila.	1819	National Bank of Germentown merger September 14, 1953	1,971,239
Mayfair Cottman Ave., east of Frankford Ave. Phila.	1/31/52	Opened by Girard-Corn Bank	1,971,239

North Philadelphia Broad St., Germantown & Erie Aves. Phila.	5/6/03	North Philadelphia Trust Company merger 1/25/54	1,971,239
[fol. 5711]			
Orthodox Torresdale Ave. & Orthodox St., Phila.	1923	Oxford Bank & Trust Company merger 11/1/28	1,971,239
Frankford 4700 Frankford Ave. Phila.	6/15/18	Oxford Bank & Trust Company merger 11/1/28	1,971,239
Sixty-Third Street 427 N. 63rd St. Phila.	12/9/57	Opened by Girard-Corn Bank	1,971,239
Germantown & Lehigh 2721 Germantown Ave. Phila.	1912 (new 8/20/56)	Union Bank & Trust Company. liquidation 4/12/29	1,971,239
South Philadelphia Passyunk Ave. west of 23rd St. Phila.	8/6/56	Opened by Girard-Corn Bank	1,971,239
Spring Garden Street 12th & Spring Garden Phila.	1899 10/4/55 (New)	Union Bank & Trust Company liquidation 4/12/29	1,971,239
Stenton Avenue Stenton Ave. and Washington Lane Phila.	11/6/57	Opened by Girard-Corn Bank	1,971,239
Suburban Station 17th St. & Penna. Blvd. Phila.	3/26/56	Opened by Girard-Corn Bank	1,971,239

Branch	Date Opened	How Acquired	Population of City, Town or Village
Twenty-Second Street 22nd & Indiana Phila.	12/4/57	Opened by Girard-Corn Bank	1,971,239
West Oak Lane 72nd & Ogontz Ave. Phila.	2/3/49	Opened by Girard-Corn Bank	1,971,239
West Philadelphia 60th & Ludlow Sts. Phila.	1918	Union Bank & Trust Company liquidation 4/12/29	1,971,239
[fol. 5712] Wissinoming Torresdale Ave. & Howell St. Phila.	6/8/20	Oxford Bank & Trust Company merger 11/1/28	1,971,239
N.E. Cor. Comly Road & Roosevelt Blvd. Phila.	Approval obtained but not opened.		
Ambler Division Bank of Ambler Butler Ave. & Spring Garden St.	3/1/34	Former main office of the Ambler National Bank which merged, together with its two other offices, with Girard-Corn 10/14/57	6,750
Flourtown Bethlehem Pike & Wissahickon Ave.	3/1/55		13,800
Fort Washington Fort Washington Industrial Park	10/10/57		5,100

Narberth Division Narberth Bank of Narberth Haverford & Essex Aves.	5/9/34	Former main office of The National Bank of Narberth which merged, together with its two other offices, with Girard-Corn 10/14/57	5,104
Bala-Cynwyd Bala & City Line Aves.	1/7/57		12,565
Wynnewood Lancaster Pike & Wynnewood Road [fol. 5713]	3/30/55		15,631
Delaware County Division Upper Darby 6910 Market St. (present)	Chartered 5/29/28 1935	Former main office of Upper Darby National Bank which merged, together with its eleven other offices, with Girard-Corn 4/28/58	92,786
Broomall West Chester Pike & Summit Ave.	10/19/51		19,664
Clifton Heights (Penn Oak) Penn Fruit Bldg.	11/8/57		92,786
Drexel Hill Ferne Blvd. near Burmont Road	4/16/48		92,786
Upper Darby Drive-In Ludlow & Glendale Sta.	9/14/54		92,786
Havertown Darby Road near Mill Road	9/21/49		53,896
Lawrence Park In Shopping Center	2/1/57		19,664
Newtown Square West Chester Pike, near Newtown Road	5/9/53		9,210
			2431



Branch	Date Opened	How Acquired	Population of City, Town or Village
Pilgrim Gardens In Shopping Center	6/22/54		92,786
Terminal P.T.C. Terminal 60th & Market Sta.	4/18/50		92,786
Yeadon 712 Church Lane	6/19/51		11,506
Manoa In Shopping Center	4/6/56		53,896

[fol. 5714]

There are also attached, and made a part of this application, a copy of the agreement between the participating banks relating to the proposal which provides the basis of this application and supplementary documents, statements, schedules, and exhibits relative to the factors which the Comptroller of the Currency and other Federal agencies are required to consider under the provisions of applicable statutes.

[fol. 5715] Summarize the basic reasons and the negotiations which led to the filing of this application and explain fully the extent of common ownership or management of the participating banks.

### Basic Reasons

The basic reasons for the proposed merger are;

1. To provide the Philadelphia area with a bank commensurate with its size and therefore adequate to meet the area's banking needs;
2. To establish a more diversified bank by combining the complementary services of the participants; and
3. To combine the separate institutions into a bank with greater depth in management and a more complete organization of specialists and technicians to render more effective service.

Philadelphia's metropolitan area ranks fourth in the country. Moreover, during the last ten years it has undergone a remarkable revitalization and modernization. There has been a notable expansion of industry and extensive urban and suburban development and redevelopment. Traditional city, county and even state lines have been obscured by the expansion of the metropolitan area and submerged in a new concept, "Delaware Valley, U.S.A." A significant factor in this trend is the explosive decentralization of business and industry with the rise of suburban and rural industrial parks and commercial centers. This development has been materially aided in the Philadelphia industrial community by excellent transportation and communication facilities and by the availability of extensive areas of open land.

Consequently, the Philadelphia area is big and is getting bigger. Its banking needs have increased correspondingly and will continue to increase. Expansion has required many Philadelphia banks to broaden their service areas in order to follow and keep their customers and to attract the business of newcomers. Because of both the expanding service areas of the banks in neighboring cities, such as New York and Pittsburgh, and the national and regional scope of an increasing number of industrial and commercial enterprises, Philadelphia's banks have been brought

into competition with banks in other cities on an ever greater scale and in terms of an increasing variety of services. Philadelphia is unique in its proximity to New York. Thus Philadelphia banks face a competitive obstacle not experienced by banks in other cities.

[fol. 5716] Philadelphia's banks have not been sufficiently large to fill the area's banking needs, and therefore have not been able to keep pace progressively with the area's growth. Although Philadelphia is the fourth city in the country, five smaller cities—Detroit, Boston, San Francisco, Pittsburgh and Cleveland—all have one or more banks larger than Philadelphia's largest. As of December 31, 1959 the largest bank in Philadelphia ranks 20th nationally and 12th outside New York.

The comparative situation becomes even more pronounced when Philadelphia's greater size is given proportionate weight. For instance, the Cleveland metropolitan area has a population about 40% of Philadelphia's. Yet Cleveland's biggest bank is 19% larger than Philadelphia's biggest bank in assets and 25% larger in capital and surplus. When the twelve largest metropolitan areas are ranked on the basis of deposits, loans and lending limits of the biggest bank in each area relative to various measures of the economic requirements of its area, Philadelphia stands 10th or 11th in every category. It is not surprising, then, that Philadelphia banks have not been able to meet fully the banking needs of the expanding Philadelphia metropolitan area.

No Philadelphia bank has a lending limit high enough to serve the credit needs of large industry. The largest New York bank has a lending limit of \$65,000,000; the limit of the fifth largest New York bank is \$20,000,000. Two Chicago banks and Pittsburgh's leading bank have lending limits in excess of \$25,000,000. Three San Francisco banks have lending limits in excess of \$10,000,000, and one of these is \$50,000,000. By contrast the highest lending limit in Philadelphia is \$8,000,000. Since the deposits and loans of large industry are closely related and in turn lead to the use of other banking services, Philadelphia's low lending limits place it at a further disadvantage. For instance, although Philadelphia's port is now the largest in the country with respect to import tonnage, Philadelphia banks at-

tract but a small fraction of the nation's foreign banking business.

As a result a great part of the industrial needs of the Philadelphia area is met by banks in other cities. Since sizeable loans may be placed in Philadelphia only by the participation of several banks, most of the area's largest industrial enterprises go elsewhere for their primary requirements. For example, Philadelphia's largest single industry is the petroleum industry with six major refineries in the area (Sun Oil, Atlantic Refining, Gulf Oil, Socony-[fol. 5717] Mobil, Sinclair and Tidewater.) Only two of these companies are known to carry more than accommodation balances in any Philadelphia bank. When, for example, Atlantic Refining, which has its headquarters in Philadelphia, requires a large loan, it goes to New York. The result is often merely a participation offered to a Philadelphia bank by a New York lead bank.

Twenty-six of the nation's largest manufacturing enterprises have headquarters nearer to Philadelphia than to any other major banking center. Yet only 12.9% of their cash as of December 31, 1959 was on deposit with the Charter Bank, and only 4.4% with the Merging Bank. Some of these undoubtedly have additional cash on deposit with other banks in the Philadelphia area. Yet it is apparent that many of them are heavily dependent on larger banks in other cities (notably New York) for their major financial requirements.

The \$15,000,000 lending limit of the Resulting Bank will substantially improve its ability to finance local and national industry. This in turn should attract more deposit balances and also enable it to acquire a more equitable share of the other banking business of large corporations located in or near its service area, such as foreign banking services, pension trusts, and other corporate trust services, all of which have had a tendency to gravitate to New York. The increased lending limit (together with other improvements in banking services, as explained below) should also help to attract new business enterprises to the Philadelphia area, with consequent benefits not only to all Philadelphia banks but the area as a whole.

There is no feasible way other than a merger that will accomplish these results. Sale of additional capital stock by either participant is impractical because their capital

positions are already strong in relation to deposits, and the effect would be an undue dilution of the rate of return on equity investment. The normal rate of increase in deposits is not sufficient to produce the desired results.

The second reason for the merger arises from the fact that the proposed merger is a combination of two banks whose functions are essentially complementary—an extremely fortunate situation. The Philadelphia National Bank has been traditionally a wholesale bank. Girard Trust Corn Exchange Bank has specialized in retail and trust services. The merger will result in a more diversified bank better able to render a wide variety of services in a more efficient manner.

[fol. 5718] Additionally, the merger will combine complementary geographical areas, as a study of the branches of each participant will show. In only one locality outside the central city area do the participants presently provide overlapping branch-bank services.

The third reason for the merger is the need to retain and attract quality and depth in management, and to develop the more highly trained specialists required by the increasingly complex banking needs of an industrial community. As an example of the latter, the proposed organization plan of the combined bank provides for resetting selected loan and credit activities on a specialized basis by industry groups, rather than on merely geographic lines as at present. It will also provide for full-time attention of staff departments to the following activities that are not now so covered by either of the applicants: forward planning, organization planning, economic research, new product development, and a more intensified program of electronic research and development. The public interest will be served by these plans since they should result in improved banking service and in the more effective development of new banking services than could be obtained without the merger.

In the regional, national and international fields, competition can only be improved by strengthening Philadelphia's relative banking position. This improvement will not result in disproportionate strength. As stated previously, Philadelphia currently ranks 4th in terms of population, but only 10th or 11th in relative banking strength among the 12 major metropolitan areas. Post-merger, it would



climb to only 7th or 8th. In terms of absolute size, the proposed bank will rank only 15th nationally. There will still be seven larger banks outside New York, of which four will be in cities smaller than Philadelphia. However, the Resulting Bank will be in a better position than now to meet more effectively the strong competition from large banks in New York and other cities for the banking business of the larger corporate enterprises.

The improvement in regional and national competition will not be accompanied by an adverse effect on local banking competition. The merger will not create a disproportionately large bank in Philadelphia, but will serve to make the banking picture in Philadelphia more nearly comparable with that of other cities. The relative sizes of the five largest Philadelphia banks will be in better proportion than in Los Angeles, Detroit, Boston, Pittsburgh and San Francisco, and about the same as in Chicago, St. Louis, Cleveland, Washington and Baltimore.

[fol. 5719] The available evidence as set forth in Exhibit K does not indicate that a bank's size gives it an advantage in competing for essentially local accounts. The Resulting Bank will not have a competitive advantage in its attraction of local banking business. In the Philadelphia area during the last decade a number of smaller banks have been able to grow more rapidly than many of the larger banks whose main offices or branches are in direct competition with them. The major present deficiency of the Philadelphia banking structure is not in its ability to serve small local businesses or retail accounts, but in its current inability to service the credit needs of large commercial enterprises.

[fol. 5720]

#### Negotiations

The negotiations which led to the filing of this application go back many years. This is not a sudden idea for a merger, but one that was discussed seriously and at great length as long ago as 1956. The principal reason why it did not reach the application stage at that time was the opinion of both managements that a proper basis for the exchange of shares could not be developed then. A further "shake-down period" appeared to be necessary both for the purpose of determining the true potential earning power of

the two banks and to work out the minor operating problems resulting from previous smaller mergers.

The present negotiations commenced in April 1960. The senior managements of both banks established the main outlines of the proposed organization chart for the combined institution and also the proposed basis for the exchange of shares. A committee of three directors from each bank took part in all major discussions in these areas, and toward the final stages of discussion a fourth director was added by each institution.

#### [fol. 5721] Common Ownership or Management

The participating banks have no common management, and common ownership is insignificant.

No director or officer of either bank is a director or officer of the other. Hence, there is no common management.

The stock of each bank is widely dispersed, Philadelphia National's 2,647,812½ shares being owned by about 16,372 shareholders, and Girard's 1,691,875 shares by approximately 9,536. The largest holding of an individual shareholder of Philadelphia National is only 24,694 shares, or approximately .9% of its stock outstanding. In the case of Girard, the corresponding figure is 6,500 shares or about .38%.

In determining the common ownership of shares of the two banks, all persons holding 1,000 shares in either (i.e., approximately 1/26 of 1% in Philadelphia National and 1/17 of 1% in Girard) and any shares in the other (no matter how small a number) were listed. The results, broken down as between individual, trustee and corporate holders on the one hand and trust company and savings institution investors on the other, show that only about 10% of the shares of Philadelphia National and 15.5% of those of Girard are in common ownership on this basis:

	Girard	Philadelphia National
Individuals, trustees and corporations . . . . .	140,403 shares	134,936 shares
Trust and Savings Institutions . . . . .	121,860 shares	137,182 shares
	262,263 shares or 15.5%	272,118 shares or 10%

The largest holding by an individual of not less than 1,000 shares of Philadelphia National and some shares

of Girard is only 6,200 shares of the former, or about  $\frac{1}{4}$  of 1%. The largest such holding in Girard (combined with some shares in Philadelphia National) includes only 5,000 shares of Girard, or about  $\frac{1}{3}$  of 1%. The largest trustee holdings, on the same basis, are only about .4% of 1% of Girard's stock and the same percentage of that of Philadelphia National; the largest corporate holdings (part of an insurance company investment portfolio) are approximately  $1\frac{1}{2}\%$  of Girard's stock and about  $\frac{1}{3}$  of 1% of that of Philadelphia National; and the largest trust company and savings institution portfolio holdings are about  $\frac{3}{4}$  of 1% of Girard's stock and less than  $\frac{1}{2}$  of 1% of that of Philadelphia National.

[fol. 5722] Holdings registered in the names of brokers and nominees have been excluded from the foregoing tabulation because the true ownership of such holdings is most often unknown. Experience has shown that these, too, are widely dispersed in beneficial ownership. Thus, in the case of Girard's nominee firm of Steere & Co., the largest beneficial ownership of Philadelphia National's stock, determined from Girard's records, is 3,357 shares or approximately  $\frac{1}{5}$  of 1%. Further, the largest nominee holding of shares, without regard to beneficial ownership, of Philadelphia National approximates only 3% of its shares, and of Girard only about 4% of its shares.

[fol. 5723] Has any consideration, monetary or otherwise, been paid, given or offered to any stockholder, director, or officer of either bank as compensation or inducement for assistance in consummating the proposed transaction? If so, give full details and reasons therefor.

No. Additional details concerning the proposal may be obtained by communication with:

Wistar H. MacLaren, Vice President and Comptroller,  
The Philadelphia National Bank, Philadelphia 1, Penn-  
sylvania. Walnut 3-2000.

It is understood that the cost of any necessary examination or investigation in relation to this application will be borne by:

Equally by the applicants

#### Applicants

The applicants hereby represent that the information contained in this application is true and complete to the best of their knowledge and belief.

The Philadelphia National Bank.

By Frederic A. Potts, President.

Girard Trust Corn Exchange Bank.

By G. W. Owens, President.

#### [fol. 5724] (1) Financial History and Condition

Information provided by the applicants should include the date of primary organization of each participating bank, and in chronological order with respect to each such bank the date of any reorganization, merger, consolidation, acquisition of assets, or assumption of deposit liabilities occurring during the past ten years, and the name and location of the head office and branches, description of area served, type of business conducted, total loans, and total deposits of each bank which discontinued operations as a result of such transactions.

##### Historical Background—Philadelphia National Bank.

The Philadelphia National Bank (originally organized in 1803 as The Philadelphia Bank) was chartered on October 20, 1864 under an Act of Congress approved June 3 of that year.

On April 1, 1926, it merged with the Girard National Bank to form The Philadelphia-Girard National Bank. At the time of this merger, Philadelphia National was much the largest bank in Philadelphia, with deposits of \$140 Million, loans of \$103 Million and total assets of \$165 Million. Girard National was fourth largest, with deposits of \$73 Million, loans of \$47 Million, and total assets of \$87 Million. Fidelity-Philadelphia Trust Company was second largest, and Pennsylvania Company for Insurance on Lives, etc.

was third, with total resources of \$120 Million and \$100 Million respectively.

Two years later, Philadelphia-Girard merged with the Franklin Fourth Street National Bank (which had been formed by merger in it meantime) and took the name of the oldest of the four banks originally concerned—The Philadelphia National Bank. The announcement that the merger had been ratified attracted wide popular acclaim. According to the *Philadelphia Record* of March 3, 1928:

“Philadelphia's tremendous growth in the past decade was fittingly exemplified in the formal approval of the merger of the city's two biggest national banks at meetings of directors of The Philadelphia-Girard and the Franklin Fourth Street banks yesterday. The consolidation was hailed by business bodies as the greatest single movement in years to attract to Philadelphia the well-earned prestige, as well as the solid financial facilities, consistent with the status of the third largest city in the United States.”

[fol. 5725] Capital and Surplus of the merged institution was established at \$50 Million; and the increased lending limit afforded thereby was most helpful in attracting and holding business from major commercial and industrial customers such as Ford Motor Company, duPont, Baldwin Locomotive Works, Bethlehem Steel, Sears Roebuck, and many others of both local and national importance.

The wholesale nature of its business up until 1951 is evidenced by the fact that its \$745,248M of deposits at the end of 1950 were held in less than 11,000 accounts, of which about 1,000 accounts were from domestic and foreign correspondent banks. It operated only 3 banking offices, offered no personal trust services, had no savings or special checking accounts, no consumer credit department, no safe deposit boxes.

The decision made in 1951 to enter into the retail banking and trust fields, and at the same time to continue expanding its wholesale business and its lending power, created the need to obtain offices in outlying sections of both city and suburbs that were conveniently located to serve its present customers. For that reason Philadelphia National has engaged in 8 relatively small mergers in the last decade,



and has purchased certain assets and assumed the deposit liabilities of another bank, as follows:

**Ninth Bank and Trust Company**

Merger date—September 21, 1951

Name and Location of Offices—

Front Street (Head Office)  
Allegheny

Northern  
Fairhill  
Erie

Front & Norris Sts., Phila., Pa.  
Allegheny & Kensington Aves.,  
Phila., Pa.

7th & Dauphin Sts., Phila., Pa.  
Front St. & Allegheny Ave., Phila., Pa.  
Erie & Kensington Ave., Phila., Pa.  
(subsequently moved to 1501-07 E.  
Erie Ave., Phila., Pa.)

Area Served:

All of the offices of Ninth Bank & Trust Company were located in the older Northeast section of Philadelphia which is residential (characterized by row-type dwellings), interspersed with many industrial plants. Also there are many small and medium-sized retail stores throughout the area.

[fol. 5726]

Type of Business  
Conducted:

General banking, including complete trust services and retail services such as personal loans and special checking accounts.

Total Loans

\$ 6,677M

Total Deposits

\$50,739M

**The First National Bank of Conshohocken**

Merger date—September 25, 1953

Name and Location of Office—

Head Office

Fayette and Hector Streets,  
Conshohocken, Pa. (subsequently  
moved to 5th and Fayette Sts.,  
Conshohocken, Pa.)

Area Served:

Conshohocken is both residential and industrial. Several of the industrial plants are large-scale. The town has its own retail shopping section.

Type of Business  
Conducted:

General banking and trust business.

Total Loans

\$ 3,409M

Total Deposits

\$14,890M

**Chester-Cambridge Bank and Trust Company**

Merger date—February 20, 1954

Name and Location of Offices—

Head Office  
Marcus Hook

501-03 Market St., Chester, Pa.  
10th & Market Sts., Marcus Hook, Pa.

[fol. 5727]

Area Served:

Chester and vicinity embraces a sizable residential area and many industrial plants, a number of which are very large. The population is served by local retail facilities.

Type of Business  
Conducted:

General banking and trust business.

Total Loans

\$ 6,647M

Total Deposits

\$26,978M

**The First National Bank of Lansdale**

Merger date—February 20, 1954

Name and Location of Office—

Head Office

210 W. Main St., Lansdale, Pa.

**Area Served:** Lansdale is a residential community surrounded by an agricultural area. A number of industrial plants have been located in the vicinity, particularly in recent years, and the town has a retail shopping section.

**Type of Business Conducted:** General banking and trust business.  
**Total Loans** \$ 5,627M  
**Total Deposits** \$14,472M

**Montgomery National Bank of Norristown**

**Merger date—**February 20, 1954

**Name and Location of Office—**

**Head Office** 110 W. Main St., Norristown, Pa.

**Area Served:** Norristown, the county seat of Montgomery County, is a residential center which also includes many industrial enterprises and a fairly large retail shopping section. Several industrial parks and shopping centers have been or are being established nearby.

[fol. 5728]

**Type of Business Conducted:** General banking and trust business.  
**Total Loans** \$ 1,788M  
**Total Deposits** \$10,401M

**The Hatboro National Bank**

**Merger date—**December 9, 1955

**Name and Location of Office—**

**Head Office** 210-12 S. York Rd., Hatboro, Pa.

**Area Served:** Hatboro is a rapidly growing residential community. In recent years a number of industrial enterprises have been established in this vicinity, and the town has a moderate-sized retail shopping section.

**Type of Business Conducted:** General banking and trust business.  
**Total Loans** \$ 2,795M  
**Total Deposits** \$ 9,118M

**The Citizens National Bank and Trust Company of Pottstown**

**Merger date—**December 9, 1955

**Name and Location of Office—**

**Head Office** 401 High St., Pottstown, Pa.

**Area Served:** Pottstown is heavily industrialized and includes a number of very large plants. It is also a residential community and has a fairly large retail shopping section.

[fol. 5729]

**Type of Business Conducted:** General banking and trust business  
**Total Loans** \$ 3,633M  
**Total Deposits** \$ 8,478M

**Delaware Valley Bank and Trust Company**

**Merger date—**November 9, 1956

**Name and Location of Offices—**

**Head Office** 200 Radcliffe St., Bristol, Pa.

**Levittown** 323-25 Levittown Shopping Center,  
Levittown, Pa.

**Midway**

Route 413 & Newportville Rd.,

Midway, Bucks County, Pa.

**Southampton**

689 Second St. Pike, Southampton, Pa.

**Yardley**

10 S. Main St., Yardley, Pa.

Area Served:	Bristol Office— (Head Office)	Bristol has a number of moderate-sized industrial enterprises. It is also a residential community and has a number of small retail stores.
	Levittown Office—	Levittown is primarily a residential community but this office also serves and is located in a large shopping center.
	Midway Yardley, and Southampton Offices—	These offices are located in and serve residential communities with limited retail facilities.
Type of Business Conducted:	General Banking and trust business.	
Total Loans	\$11,502M	
Total Deposits	\$28,124M	

[fol. 5730]

Gimbel Brothers Bank and Trust Company—(Acquired by purchase of assets and assumption of deposit liabilities)

Acquisition date—July 11, 1958

Name and Location of Office—

Head Office 35 S. 9th Street, Phila., Pa.

Area Served: This office is located in and serves the center city district of Philadelphia which is heavily commercial. It also serves personal customers throughout the Philadelphia area who shop in center city.

Type of Business Conducted:

Located in Gimbel Brothers department store, this bank had primarily personal checking and savings accounts. It made no loans.

Total Loans  
Total Deposits

None  
\$11,768M

. . . . .

### Historical Background—Girard Trust Corn Exchange Bank.

The Girard Life Insurance, Annuity and Trust Company of Philadelphia was chartered March 17, 1836 by act number 128 of the Pennsylvania Legislature. It was organized as the successor to the Girard Beneficial Association whose name had been changed on May 21, 1835 from the Girard Savings Institution of Philadelphia, and had opened for business on July 1, 1835. In addition to becoming a bank of deposit, it was chartered to engage in two lines of business, then new and undeveloped, being life insurance and trust service. Subsequently, the life insurance business was discontinued.

[fol. 5731] On June 22, 1899 the name of the bank was changed to the Girard Trust Company. On November 3, 1917, it became a member of the Federal Reserve System.

Girard placed its primary emphasis on trust business and the accompanying bank services for those customers

and other individuals. Also it specialized in the making of collateral loans secured by marketable securities or by the cash surrender value of life insurance. By the end of 1939 the estimated value of the personal trust assets had grown to \$700 Million, the deposits to a total of \$122 Million and the capital funds to \$14 Million.

In 1940 special efforts were begun to be placed on the development of Commercial business as well as consumer credit loans.

Girard had but one office. During the late 1940's studies of the changing customer banking practices, as well as the relatively larger growth taking place in business and population in other sections of the City but principally on the periphery and in adjoining counties, led to the conclusion that the Girard should acquire or develop branches. By the end of 1950 the estimated market value of the personal trust assets had grown to one billion dollars, the deposits to a total of \$216 Million and the capital funds to \$19 Million.

The aforementioned decisions eventually resulted in the merger on June 15, 1951 with the Corn Exchange National Bank which had a very desirable branch system as well as a substantial commercial business, consumer credit and foreign departments. With this merger the name of the bank was changed to the Girard Trust Corn Exchange Bank under an act of the Legislature and the business continued under the Girard Trust Company charter.

Girard-Corn has engaged in six mergers during the last ten years, as follows:—

**Corn Exchange National Bank and Trust Company**

Merger date—June 15, 1951

Name and Location of Offices—

Head Office (Downtown)	Second and Chestnut Sts., Phila., Pa.
[fol. 5732]	
Central City	1510-12 Chestnut St., Phila., Pa. (Closed 3/26/54)
Oxford (Frankford)	Frankford & Oxford Ave., Phila., Pa.
Arch Street	Third and Arch Sts., Phila., Pa.
West Philadelphia	Sixtieth & Ludlow Sts., Phila., Pa.
Wissinoming	Torresdale Ave. & Howell Sts., Philadelphia, Pa.
Germantown Ave. (Germantown and Lehigh)	2721-27 Germantown Ave., Phila., Pa.
Burholme	Rising Sun & Cottman Aves., Phila., Pa.
Orthodox	Orthodox St. & Torresdale Ave., Phila., Pa.

Bridesburg

Spring Garden Street

West Oak Lane

Area Served:

Ash St. intersection of Thompson and  
Kirkbride Sts., Phila., Pa.  
Twelfth St., Ridge Ave., and Spring  
Garden St., Phila., Pa.  
7179-81 Ogontz Ave., Phila., Pa.

All of the Corn Exchange National's offices were located in the City of Philadelphia, two in the general business and commercial area of central city, two in the commercial, industrial and foreign trade area of downtown, five in the commercial industrial and residential areas of Northeast Philadelphia, and one each in the commercial and residential areas of West and North Philadelphia.

Type of Business

Conducted:

General banking covering all commercial and personal types including foreign as well as general trust business.

Total Loans

\$ 96,791M

Total Deposits

\$288,618M

[fol. 5733]

National Bank of Germantown and Trust Company, Philadelphia

Merger date—September 11, 1953

Name and Location of Office—

Head Office (Germantown)

Germantown Ave. & School Lane,  
Phila., Pa.

Area Served:

This office is actually located in, and services, one of the older residential sections of Philadelphia which includes a large commercial section. In addition, there are a number of industrial plants within easy transportation distance.

Type of Business

Conducted:

General banking and trust business.

Total Loans

\$ 9,781M

Total Deposits

\$35,371M

North Philadelphia Trust Company

Merger date—January 22, 1954

Name and Location of Office—

Head Office (North Philadelphia) 3711-15 Germantown Ave., Phila., Pa.

Area Served:

The North Philadelphia Trust Company was located in the north-central part of the city. It had many personal accounts but was located in a relatively large commercial district.

Type of Business

Conducted:

General banking business. It was also active as an agent for real estate settlement and title business.

Total Loans

\$ 5,409M

Total Deposits

\$19,146M

[fol. 5734]

The National Bank of Narberth

Merger date—October 11, 1957

Name and Location of Offices—

Head Office (Narberth)

Wynnewood

Bala-Cynwyd

Haverford and Essex Ave., Narberth, Pa.  
18 East Wynnewood Rd., Wynnewood, Pa.  
#1 Bala Avenue, Bala-Cynwyd, Pa.

Area Served:

Narberth contains an older residential section and is located in a quality suburban residential area.



A relatively large commercial development exists in Narberth and there are additional businesses outside the borough. The two branches at Wynnewood and Bala-Cynwyd are located in two of the shopping centers which have developed in this area.

**Type of Business  
Conducted:**

General banking business.

**Total Loans**

\$ 4.467M

**Total Deposits**

\$12.539M

**Ambler National Bank**

Merger date—October 11, 1957

**Name and Location of Offices—**

Head Office (Ambler)

Butler Ave. & Spring Garden St.,  
Ambler, Pa.

Flourtown

Bethlehem Pike and Wissahickon Ave.,  
Flourtown, Pa.

Fort Washington

Fort Washington Industrial Park,  
Fort Washington, Pa.

[fol. 5735]

**Area Served:**

Ambler and vicinity contains an older residential section and substantial new residential construction. The commercial development in town is now expanding into regional shopping areas. Ambler contains several important industrial concerns and the Fort Washington Industrial Park, where one of the branches is located, is nearby.

**Type of Business  
Conducted:**

General banking business, including renting of safe deposit boxes.

**Total Loans**

\$ 3.568M

**Total Deposits**

\$ 8.799M

**The Upper Darby National Bank**

Merger date—April 25, 1958

**Names and Location of Offices—**

Head Office (Upper Darby)

P.T.C. Terminal

6008-10 Market St., Upper Darby, Pa.  
P.T.C. Terminal Bldg., Market at  
69th St., Upper Darby, Pa.

Upper Darby Drive-In

Glendale Rd. & Ludlow St., Upper  
Darby, Pa.

Drexel Hill

4211 Ferne Blvd. Drexel Hill, Pa.

Havertown

1625 E. Darby Rd., Havertown, Pa.

Yeadon

712½ Church Lane, Yeadon, Pa.

Broomall

West Chester Pike & Summit Ave.,  
Broomall, Pa.

Newtown Square

3533 West Chester Pike, Newtown  
Square, Pa.

Pilgrim Gardens

1021 Pontiac Road, Pilgrim Gardens,  
Drexel Hill, Pa.

Manoa

Manoa Shopping Center, West Chester  
Pike & Eagle Rd., Havertown, Pa.

Lawrence Park

Lawrence Park Shopping Center, Law-  
rence & Sproul Rds., Broomall, Pa.

Penn Oak

Penn Fruit Bldg., Baltimore Pike &  
Oak Lane, Upper Darby Twp.,  
(Clifton Heights, P. O.)

2448

[fol. 5736]

**Area Served:**

This is a quality suburban residential area, with substantial commercial developments in regional shopping areas. The Upper Darby section is a very busy transportation center, providing goods and services for a large segment of Delaware, Philadelphia, and Montgomery Counties.

**Type of Business  
Conducted:**

Principally a general retail banking business including all types of service.

**Total Loans**

\$22,302M

**Total Deposits**

\$48,311M

## Statement of Assets and Liabilities As of June 30, 1960

	Charter Bank	Morning Bank	Adjustments (Explain on next page)	Pro Forma Statement Resulting Bank
			(In Thousands of Dollars)	
<b>Assets</b>				
Cash and due from banks.....	\$ 265,904	\$147,730	\$ +4(b)	\$ -21(a)
U.S. Government obligations—Direct and fully guaranteed	169,281	142,129		\$ 413,617
Obligations of States and political subdivisions.....	56,842(m)	22,446		311,410
Other securities.....	16,469(n)	11,339		79,288
Loans and discounts—net.....	523,612	399,362		27,808
Valuation reserves deducted.....	(18,293)	(9,265)	( — )	922,974
Bank premises.....	8,796	11,333		(27,558)
Furn. and fixtures.....	1,620	922		20,129
Other Assets.....	21,811(o)	5,659		2,542
Total assets.....	\$1,064,335	\$740,920	\$ +4	\$1,805,238
<b>Liabilities</b>				
Demand deposits.....	\$ 786,974	\$521,260	\$ -21(a)	\$1,308,243
Time & Savings Deposits.....	137,524	129,530		267,051
Total deposits.....	\$ 924,498	\$650,790	\$ -21	\$1,575,294
Other liabilities.....	46,533	16,071		62,004
<b>Capital Accounts</b>				
Capital.....	26,478	16,919		48,262
Surplus.....	53,522	43,081		101,738
Undivided Profits.....	13,307	14,059	-9,906(c)	17,370
Other capital accounts.....	0	0		
Total capital accounts.....	93,307	74,059	-9,906	167,370
Total liabilities and capital accounts.....	\$1,064,335	\$740,920	-10,017	\$1,805,238

(m) After deducting \$1,000M of reserves (n) After deducting \$2,373M of reserves (o) Includes \$3,350M indirectly representing bank premises, plus \$200M for land value of property at Fourth & Chestnut Streets held for future banking use.

[fol. 5738] Description and Explanation of Adjustments  
(Statement of Assets and Liabilities on Preceding Page)

(a) Deduction of bank deposits, net of reciprocals, carried between the Charter and Merging Banks.

(b) Cash receipt of proceeds of sale of 98-7/16 new shares of stock, as detailed under "Adequacy of Capital Structure."

(c) Credit to Capital Account, being

(1) Par value of 486,414-1/16 additional shares issued in accordance with terms of merger agreement of 12,875 shares of the Resulting Bank for each of the 1,691,875 shares of Girard Trust Corn Exchange Bank, and

(2) Par value of 98-7/16 new shares being issued to round-out the number of outstanding shares at 4,826,000.

(d) Credit to Surplus Account, being

(1) Cash receipt in excess of par value on 98-7/16 new shares of stock sold at an estimated current market price of \$43 per share (\$3,248); and

(2) Transfer of funds from Undivided Profits to Surplus to round-out the combined Capital and Surplus Account at \$150 Million (\$5,131,627).

(e) Charge to Undivided Profits, being

(1) Transfer to Capital of \$4,864,141 covering the par value of 486,414-1/16 additional shares issued in accordance with the terms of merger agreement, and

(2) Transfer to Surplus Account of \$5,131,627 to round-out the combined Capital and Surplus Accounts at \$150 Million.

[fol. 5739]

Analysis of Loan and Deposit Accounts  
(See Statement of Assets and Liabilities)

Analysis of Loan Account	Charter Bank (In Thousands)	Merging Bank (In Thousands)
Commercial and industrial loans	\$306,587	\$200,001
Loans to farmers (net on real estate)	178	92
Single payment loans to individuals	24,200	71,572
Total	\$330,965	\$271,665
Loans on farm real estate	\$ 1,090	\$ 10
Loans on residential property—FHA and GI	18,690	8,352
Loans on residential property—not gtd.	18,150	11,952
Loans on business and other property	24,851	12,636
Total	\$ 62,781	\$ 32,950
Loans to brokers and dealers in securities	\$ 133	\$ 2,632
Other loans on securities	1,586	897
Total	\$ 1,719	\$ 3,529
Instalment loans on automobiles	\$ 18,964	\$ 9,964
Instalment loans on consumer goods	19,320	10,148
FHA—Title I loans	10,821	—0—
Other instalment loans	18,900	30,455
Total	\$ 68,005	\$ 50,567
All other loans	\$ 78,435	\$ 49,916
Loans and discounts—gross	\$541,905	\$408,627
Less reserves	18,293	9,265
Loans and discounts—net	\$523,612	\$399,362
Demand Deposits		
Individuals, partnerships and corporations (IPC)	\$510,501	\$429,440
United States Government	62,806	30,142
States and political subdivisions	38,936	10,494
Banks	167,879	45,387
Certified and officers' checks	4,984	5,570
Other demand deposits	1,868	227
Total demand deposits	\$786,974	\$521,260
[fol. 5740] Time Deposits		
Individuals, partnerships, and corporations (IPC)	\$113,409	\$122,087
United States Government	—0—	7
States and political subdivisions	9,437	3,536
Banks	14,675	3,900
Other time deposits	—0—	—0—
Total time deposits	\$137,521	\$129,530
Total deposits	\$924,495	\$650,790



## [fol. 5741] (2) Adequacy of Capital Structure

If additional capital is to be supplied or a reduction in capital is planned, a full explanation should be given under the foregoing schedule, "Description and Explanation of Adjustments."

There is no reduction in capital planned nor any material capital to be supplied. The Charter Bank proposed to sell on the date of merger 98-7/16 new shares, at the then current market price, in order to "round-out" the number of shares to be outstanding at 4,826,200 as noted in the foregoing schedule "Description and Explanation of Adjustments." In addition to the aforementioned transaction, it is proposed to transfer from the Undivided Profits account sufficient funds, which when added to the present fund plus the proceeds of sale of the 98-7/16 shares, will increase the combined Capital and Surplus accounts from the present total of \$140,000,000 to a total of \$150,000,000 for the combined institution.

A statement of the Total Assets, Risk Assets, Deposit and Capital Accounts as of June 30, 1960 and the relative ratios are as follows:

	Charter Bank	Merging Bank	Adjust- ments	Combined Pro-Forma
Total Assets—Gross.....	\$ 1,107,813M	\$ 757,572M	\$— 17M	\$ 1,865,368
Less: Recip. Bk. Bal.....	— 21,812	— 7,387	—	— 29,199
Loan Reserves.....	— 18,293	— 9,265	—	— 27,558
Security Reserves.....	— 3,373	—	—	— 3,373
Total Assets—Net.....	\$ 1,064,335	\$ 740,920	\$— 17	\$ 1,805,238
Less: Net Cash & Govts.....	— 435,185	— 289,859	—	— 725,044
Risk Assets—Net.....	\$ 629,150M	\$ 451,061M	\$— 17M	\$ 1,080,194M
Total Deposits—Gross.....	\$ 946,307M	\$ 658,177M	\$— 21M	\$ 1,604,463M
Less: Recip. Bk. Bal.....	— 21,812	— 7,387	—	— 29,199
Total Deposits—Net.....	\$ 924,495M	\$ 650,790M	\$— 21M	\$ 1,575,264M
Capital Stock.....	\$ 26,478M	\$ 16,901M	\$+ 4,865M	\$ 48,262M
Surplus.....	53,522	43,081	+ 5,135	101,738
Sub-Total.....	80,000	60,000	+ 10,000	150,000
Undivided Profits.....	13,307	14,059	— 9,996	17,370
Total Capital Accounts.....	\$ 93,307M	\$ 74,059M	\$+ 4M	\$ 167,370M
Ratios:				
Capital Accounts to:		Charter Bank	Merging Bank	Combined Pro-Forma
Total Assets—Net.....		8.8%	10.0%	9.3%
Risk Assets—Net.....		14.8	16.4	15.5
Total Deposits—Net.....		10.1	11.4	10.6

[fol. 5742]. The Federal Reserve Banks of Philadelphia and New York have reported in their Circulars, as of December 31, 1959, the latest data available, that the banks in their Districts of relative deposit size had capital ratios as follows:

Ratios:	Philadelphia Average for Banks with Deposits \$100 Million and Over	New York Average for Banks with Deposits	
		\$100 Million to \$1 Billion	\$1 Billion and Over
Capital Accounts to:			
Total Assets—Net	8.7%	9.8%	9.3%
Risk Assets—Net	15.2	17.3	15.9
Total Deposits—Net	9.8	11.6	40.9

The existing banks and the proposed combined bank have strong and adequate capital structures. In addition, the combined bank will have in excess of \$27 million in loan reserves and \$3 million in security reserves or a total of \$30 million of additional funds to meet any possible losses from those assets.

The capital ratios for the existing and combined bank illustrate the relative capital strength. Furthermore, these ratios compare favorably with the corresponding average ratios for banks of relative deposit size in the Third Federal Reserve District and the banks in the City of New York, with head offices in Manhattan, of the Second Federal Reserve District, as shown above.

### [fol. 5743] (3) Future Earnings Prospects

#### Statements of Current Operating Income and Expense

The following statements should include actual current operating income and expense for the participating banks for the last full calendar year. The estimate for the Resulting Bank should give effect to any anticipated economy in operations or any reduction or increase in income or expense which is expected to result from the proposed transaction.

	Charter Bank Year 1959	Merging Bank Year 1959	Estimate First Twelve Months' Operations of Resulting Bank*
	(in thousands of dollars)		
Current operating income:			
Interest and dividends on securities	\$ 7,324	\$ 5,543	\$14,709
Interest and discount on loans	24,367	20,306	48,137
Commissions, fees, and collection, exchange, and service charges	1,543	2,387	4,121
Other current operating income	1,689	6,770	8,276
Gross current operating income	<u>\$34,923</u>	<u>\$35,006</u>	<u>\$75,243</u>
Current operating expense:			
Salaries, wages, and fees	\$ 9,768	\$10,578	\$21,237
Interest on time and savings deposits	2,607	2,538	6,357
Interest and discount on borrowings	363	477	849
Taxes (other than on income)	871	1,344	2,564
Recurring depreciation on banking house, furni- ture and fixtures	581	588	1,231
Other current operating expenses	5,453	5,646	12,298
Total current operating expense	<u>\$19,643</u>	<u>\$21,171</u>	<u>\$44,536</u>
Net current operating income	<u>\$15,280</u>	<u>\$13,835</u>	<u>\$30,707</u>

Net Current Operating Income  
Previous Five Calendar Years

Year	Charter Bank	Merging Bank
1959	\$15,280	\$13,835
1958	13,474	12,825
1957	14,318	13,084
1956	13,203	13,210
1955	10,315	11,409
Average	<u>\$13,318</u>	<u>\$12,873</u>

\* See supporting memoranda on following page.

[fol. 5744] Supporting Memoranda to (3) Future Earnings Prospects

The "Estimate of the First Twelve Months' Operations of the Resulting Bank" has been determined by first adding together the figures for the Charter Bank and the Merging Bank for the twelve months ended June 30, 1960, and then making adjustments to project to twelve months ended September 30, 1960. The resultant figures have then been adjusted for the following estimated changes:

	Effect on Net Operating Income (Before Fed. Inc. Tax)
Annual effect of reduction in the prime loan interest rate from 5% to 4½% .....	\$ -2,561M
Additional interest from securities due to recent investment changes .....	+ 828M
Interest at 3% on the estimated amount of legal reserves released by recent changes permitting the counting of cash .....	+ 300M
Reduction in rental expense due to the termination of the Mall Building lease in August 1961 .....	+ 40M
<b>Total—changes not caused by merger .....</b>	<b>\$ -1,393M</b>
Interest at 3% on the estimated reduction in duplicate deposit balances carried in other banks .....	\$ + 90M
Net increase resulting from disposition of non-conforming assets .....	+ 9M
Increased expense due to extending to Merged Bank employees Major Medical Insurance coverage as now in effect for Charter Bank employees .....	- 101M
Increased expense due to extending to Charter Bank employees the more liberal pension benefits, and the profit sharing net of a reduction in bonus, as now in effect for the merged bank employees .....	- 572M
Reduction in advertising expense, estimated at 25% of the 1959 expenditures .....	+ 193M
[fol. 5745]	
Estimated overtime, legal and other expenses resulting from the merger, combining and centralizing departments .....	\$ - 600M
Elimination of Charter Bank's 69th Street Office expenses by combining with the Merging Bank's office in adjoining property .....	+ 76M
<b>Total—changes caused by merger .....</b>	<b>\$ - 905M</b>

Note: No estimated reduction in personnel expenses is included because it is believed that these savings should come from the gradual blending of the operating departments and only a small portion of the potential would be realized during the first year. It will be the planned policy not to dismiss competent employees to reduce any excess staff, but rather to realize economy where possible through the normal turn-over without making replacements.

No increase is included for establishing the contemplated expansion of specialized and technical personnel as it is believed that substantially all can be developed from the present official and clerical staffs.

[fol. 5746]

## (4) Management

List of the present directors and principal executive officers of the Participating Banks, and under each name is pertinent information relating to his banking experience and qualifications, major business or professional occupation, and other banking and business affiliations.

## The Philadelphia National Bank

Name and Business Affiliation	Age	Title	Annual Salary	Par Value of stock now owned
Walter J. Beadle Retired	64	Director		\$ 1,500
Richard C. Bond President John Wanamaker Philadelphia	50	Director		1,500
I. W. Booth Retired	77	Director		12,000
Thomas A. Bradshaw President Provident Mutual Life Insurance Company	54	Director		2,500
Jay Cooke Chairman of the Board Cooke & Bieler, Inc.	63	Director		10,000
Paul J. Cupp President American Stores Company	58	Director		1,000
Wilfred D. Gillen President The Bell Telephone Company of Pennsylvania	60	Director		1,000
F. O. Haas President Rohm & Haas Company	45	Director		1,000
H. Thomas Hallowell, Jr. President Standard Pressed Steel Co.	52	Director		1,000
[fol. 5747]				
J. H. Ward Hinkson, Esq. Hinkson & Cantlin	64	Director		10,000
McClure Kelley President Baldwin-Lima-Hamilton Corp.	62	Director		1,500
P. Blair Lee President Western Saving Fund Society	64	Director		4,500
Arthur Littleton, Esq. Morgan, Lewis & Bockius	64	Director		3,810



Name and Business Affiliation	Age	Title	Annual Salary	Par Value of stock now owned
John McDowell Executive Vice President The Philadelphia National Bank	55	Director Ex. V. P.	\$65,000	1,250
James P. Newell Vice President Pennsylvania Railroad Company	58	Director		1,500
G. Willing Pepper Vice President Scott Paper Company	52	Director		1,000
Frederic A. Potts President The Philadelphia National Bank	56	Director President	85,500	2,500
Frank H. Reichel Chairman of the Board and Chief Executive Officer American Viscose Corp.	63	Director		1,500
Roy G. Rinecliff President and Chief Executive Officer Philadelphia Electric Company	61	Director		1,500
[fol. 5748]				
Floyd T. Starr Financial Vice President Penn Mutual Life Insurance Company	55	Director		1,500
G. Stockton Strawbridge President & General Manager Strawbridge & Clothier	46	Director		1,500

## Girard Trust Corn Exchange Bank

Earle E. Baruch President Johnson and Higgins	54	Director		\$2,000
George H. Brown, Jr. President Girard Trust Corn Exchange Bank	54	Director	\$75,000	1,000
William H. Brown Vice President and Treasurer American Viscose Corp.	62	Director		930
George R. Clark Vice Chairman of Board Girard Trust Corn Exchange Bank	50	Director Vice Chm. Bd.	40,000	1,350
Morris Duane, Esq. Duane, Morris & Heckscher	59	Director		1,000
Walter S. Franklin Retired	76	Director		3,600
James E. Gowen, Esq. Retired	65	Director		8,700

Name and Business Affiliation	Age	Title	Annual Salary	Par Value of stock now owned
Charles B. Grace President Heintz Manufacturing Co., Inc. [fol. 5749]	54	Director		540
A. J. Greenough President Pennsylvania Railroad Company	55	Director		1,000
C. Jared Ingersoll Chairman of the Board Muskogee Company	66	Director		12,300
Robert L. Johnson (Dr.) Chancellor Temple University	66	Director		1,290
Ralph H. Knode President Westmoreland Coal Company	67	Director		2,940
Hilding R. Krook President Robert Krook, Inc.	61	Director		45,000
Edwin M. Lavino Chairman of the Board E. J. Lavino and Company	65	Director		900
Graeme Lorimer Trustee	57	Director		6,500
John R. Park Executive Vice President and Treasurer American Stores Company	44	Director		500
Joseph M. Patterson President West Bank Oil Terminal, Inc.	69	Director		5,760
Henry R. Pemberton Financial Vice President University of Pennsylvania	62	Director		2,400
R. Stewart Rauch, Jr., Esq. President Philadelphia Saving Fund Society [fol. 5750]	46	Director		5,000
Theodore E. Seelye President North Pennsylvania Railroad Company	73	Director		3,000
Geoffrey S. Smith, Esq. Chairman of the Board Girard Trust Corn Exchange Bank	59	Director Chm. of Bd.	\$70,000	10,000
E. H. Smoker President United Gas Improvement Company	54	Director		300

Name and Business Affiliation	Age	Title	Annual Salary	Par Value of stock now owned
Joseph C. Wilkinson Chairman of the Board Wilkinson Associates, Inc.	67	Director		50,300
David E. Williams Retired	71	Director		7,500

Note: The Board of Directors of the Resulting Bank will be selected from the above list and a schedule filed at a later date. Those selected holding less than the number of qualifying shares will purchase sufficient shares to meet the requirement.

[fo]. 5751]

(5) Convenience and Needs of Community

	Population Head Office City or Town	Population of Head Office Service Area <sup>1</sup>
The Philadelphia National Bank	1,971,239 <sup>2</sup>	17,725,187 <sup>2</sup>
Girard Trust Corn Exchange Bank	1,971,239 <sup>2</sup>	1,971,239 <sup>2</sup>
Resulting Bank		17,725,187 <sup>2</sup>

<sup>1</sup> The service area of the Head Office of The Philadelphia National Bank is considerably larger than the service area of the Bank as a whole. In order to account for 75% of the "IPC" deposits of the Head Office it is necessary to include the entire states of Pennsylvania, New Jersey, and Delaware. In the case of the Girard Trust Corn Exchange Bank, 75% of the "IPC" deposits are from within the City of Philadelphia and therefore the City alone is designated as the service area of the Head Office.

<sup>2</sup> Preliminary as of August 1960.

<sup>3</sup> Preliminary as of April 1960. Includes entire states of Pennsylvania, New Jersey, and Delaware.

Source: Census Bureau, Philadelphia Office.

Assign consecutive numbers and provide the following information with respect to the head office of the Charter Bank, Merging or Consolidating Bank, and each other commercial bank competing within the "service areas" of the Participating Banks.

Number	Name and Location of Bank	Total* Banking Offices	Estimated "IPC" Deposits and Loans of H. O. Service Area (Indicate D and L) (Thousands of Dollars)	Distance in Road Miles and Direction from Head Office of Applicant and Other Bank
1	Bank of Old York Road. Old York Rd. & Easton Rd., Willow Grove, Pa.	3	\$10,500      \$ 6,249	N. 14 miles
4	Bridgeport National Bank. Swedesford Rd., Bridgeport, Pa.	1	8,000      4,333	N.W. 15 miles
5	Broad Street Trust Co. Broad & Thompson Sts., Philadelphia	17	30,000      33,000	N. 1½ miles
22	Brown Brothers Harriman. 1531 Walnut Street, Phila.	1	119,500      77,800	S.W. nominal
[fol. 5752]				
24	Bryn Mawr Trust Company. Bryn Mawr & Lancaster Ave. Bryn Mawr, Pa.	3	\$ 30,000      \$ 15,300	N.W. 9 miles
26	Bucks County Bank & Trust Co. 7th & Chestnut Sts., Perkasie, Pa.	4	6,500      4,300	N.W. 29 miles
30	Central-Penn National Bank of Philadelphia. N.W. cor. Broad & Walnut Sts. Philadelphia, Pa.	19	60,000      43,000	S. nominal
49	The Chalfont National Bank. Route 202, Chalfont, Pa.	1	3,300      1,894	N.W. 23 miles
50	The Cheltenham National Bank. 500 Central Avenue Cheltenham, Pa.	5	12,500      6,800	N.E. 8½ miles

55	Citizens & Southern Bank & Trust Company 1849 South Street, Phila., Pa.	2	2,800	1,900	S.W. 2½ miles
57	The Collegeville Natl. Bank Ridge & Germantown Pikes, Collegeville, Pa.	1	4,800	3,365	N.W. 22 miles
58	The Delaware County National Bank 4th & Market Sts., Chester, Pa.	8	39,700	22,500	S.W. 12½ miles
67	The Doylestown Natl. Bank & Trust Co. East Court St., Doylestown, Pa.	4	10,000	8,700	N.W. 25 miles
71	Doylestown Trust Company North Main St., Doylestown, Pa.	1	11,000	6,500	N.W. 25 miles
72	The Elkins Park Natl. Bank Harrison & Montgomery Aves. Elkins Park, Pa.	1	3,000	991	N.E. 9½ miles
73	Fidelity-Philadelphia Trust Co. Broad & Walnut Streets, Philadelphia, Pa.	27	197,000	145,000	S.E. nominal
100	First Natl. Bank of Riegelsville Riegelsville, Pa.	1	4,651	3,008	N.W. 44 miles
[fol. 5753]					
101	First National Bank & Trust Co. (Newtown) Newtown, Bucks County	1	\$ 8,300	\$ 3,126	N.E. 23 miles
102	The First Pennsylvania Banking & Trust Company S.E. cor. 15th & Chestnut Sts. Philadelphia, Pa.	41	282,000	263,000	W. nominal
142	Frankford Trust Company Unity & Frankford Ave. Philadelphia, Pa.	3	24,600	16,000	N.E. 7 miles
145	Girard Trust Corn Exchange Bank N.W. cor. Broad & Chestnut Sts. Philadelphia, Pa.	39	211,000	58,000	—



Number	Name and Location of Bank	Total* Banking Offices	Estimated "IPC" Deposits and Loans of H. O. Service Area (Indicate D and L) (Thousands of Dollars)	Distance in Road Miles and Direction from Head Office of Applicant and Other Bank
184	Harleysville Natl. Bk. & Trust Co. Main St., Harleysville, Pa.	2	5,000 2,562	N.W. 25 miles
186	Industrial Trust Company 1944 N. Front St., Phila., Pa.	10	9,500 8,000	N.E. 3 miles
196	Jenkintown Bank & Trust Co. York Rd. & West Ave. Jenkintown, Pa.	4	21,700 13,700	N. 10½ miles
200	Liberty Real Estate Bank & Trust Company N.E. cor. Broad & Arch Sts. Philadelphia, Pa.	10	36,000 28,000	N.E. ½ mile
210	The Marian Bank 4th & Fairmount Ave. Philadelphia, Pa.	1	900 195	N.E. 4½ miles
211	Montgomery County Bank & Trust Co. Main & Swedes Sts. Norristown, Pa.	11	43,200 24,900	N.W. 14½ miles
222	The Morrisville Bank 2 E. Bridge St., Morrisville, Pa.	2	10,000 6,142	N.E. 27 miles
[fol. 5754]				
224	National Bank of Chester County & Trust Company 17 N. High St., West Chester, Pa.	2**	\$ 19,000 \$ 9,240	W. 18½ miles
225	The National Bank of Royersford 3 Main St., Royersford, Pa.	1	4,500 1,414	N.W. 25½ miles
226	The National Bank of Schwenksville Main St., Schwenksville, Pa.	1	4,000 2,685	N.W. 26 miles

227	Peoples Natl. Bk. & Tr. Co. of Norristown Main & Swede Sts. Norristown, Pa.	8	12,000	12,000	N.W. 14½ miles
223	The Peoples National Bank of Soudertown 6 Main St., Soudertown, Pa.	1	3,600	2,371	N.W. 26 miles
224	Perkiomen National Bank Main St., East Greenville, Pa.	1	6,300	1,706	N.W. 38 miles
225	The Philadelphia Natl. Bank N.E. cor. Broad & Chestnut Sts. Philadelphia, Pa.	28	221,890	220,978	
263	Provident Tradersmens Bank & Trust Company S.W. cor. Broad & Chestnut Sts. Philadelphia, Pa.	20	70,000	55,000	S. nominal
283	Quakertown National Bank Broad & Third Sts. Quakertown, Pa.	1	7,700	4,516	N.W. 34 miles
285	Second Natl. Bank of Phila. 4356 Frankford Ave. Philadelphia, Pa.	5	21,275	14,200	N.W. 7 miles
289	The Security Trust Co. of Pottstown High & Hanover Sts. Pottstown, Pa.	2	\$3,500	8,121	N.W. 32 miles
[fol. 5755]					
290	Soniaty Bank & Trust Co. Broad & Tasker Sts., Philadelphia, Pa.	1	\$ 4,370	\$ 1,717	S. 2 miles
291	The Solebury Natl. Bank of New Hope Bridge & Main Sts., New Hope, Pa.	1	5,100	2,932	N.W. 31 miles
292	Union Natl. Bank & Trust Co. 10 West Broad Street Soudertown, Pa.	3	6,500	4,700	N.W. 26 miles

•• Branch Office in Delaware County, Head Office in Chester County

Distance in Road Miles  
and Direction from Head  
Office of Applicant  
and Other Bank

Estimated "IPC"  
Deposits and Loans  
of H. O. Service Area  
(Indicate D and L)  
(Thousands of Dollars)  
Deposits Loans

Total  
Banking  
Offices

Name and Location of Bank

Number

New Jersey

295	Audubon National Bank Audubon, Camden County, New Jersey	1	9,800	4,408	S.E. 7½ miles
296	The Bank of Levittown Levittown, Burlington County New Jersey	1	4,500	2,776	N.E. 17 miles
297	Bordentown Banking Co. Bordentown, Burlington County New Jersey	2	6,600	3,500	N.E. 28½ miles
298	The Broad Street National Bank 143-49 E. State Street Trenton, New Jersey	3	34,000	16,800	N.E. 32 miles
301	Burlington Bank & Trust Co. 324 High Street Burlington, N. J.	1	7,300	3,474	N.E. 19½ miles
302	Burlington County Trust Co. Moorestown, Burlington County New Jersey	3	18,500	9,182	N.E. 11 miles
305	Clanden Trust Company Broadway & Market Streets Camden, New Jersey	11	72,800	70,600	E. 2 miles
316	Cinnaminson Bank & Trust Co. Riverton, Burlington County New Jersey	3	5,800	3,361	N.E. 9 miles

[fol. 5756]

319	The Farmers & Mechanics Natl. Bank & Tr. Co. of Woodbury Woodbury, New Jersey	2	\$ 9,000	\$ 5,500	S. 10 miles
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321	The Farmers Natl. Bk. of Mullica Hill Mullica Hill, Gloucester County, New Jersey	1	2,000	1,371	S.W. 18 miles
322	The Farmers Trust Company 19 Mill Street Mount Holly, New Jersey	1	4,700	1,755	N.E. 20½ miles
323	First Camden Natl. Bk. & Trust Company Broadway, Cooper & 6th Sts. Camden, New Jersey	8	59,000	46,500	E. 2 miles
331	First Natl. Bk. & Trust Co. of Beverly Beverly, Burlington County New Jersey	1	4,400	2,618	N.E. 16 miles
332	First Natl. Bank of Bordentown Bordentown, Burlington County New Jersey	1	4,400	2,298	N.E. 28½ miles
333	First Natl. Bank of Collingswood West Collingswood, Camden County New Jersey	1	7,200	3,757	S.E. 5 miles
334	First Natl. Bank of Hamilton Square Hamilton Square Mercer County, New Jersey	2	8,500	4,527	N.E. 34½ miles
336	The First National Bank of Marlton Burlington County, New Jersey	1	4,100	2,406	S.E. 14 miles
337	First National Bank of Paulsboro The Paulsboro, Gloucester County New Jersey	3	7,500	2,000	S.W. 13 miles
340	The First National Bank of Riverside Riverside, Burlington County, New Jersey	1	6,000	2,189	N.E. 13½ miles
[fol. 575r]					
341	First National Bank & Trust Co. of Roebling Main St. & 5th Avenue Roebling, New Jersey	1	\$ 5,200	\$ 2,282	N.E. 25 miles
342	First Natl. Bk. & Tr. Co. of Westville The Westville, Gloucester County New Jersey	2	6,500	3,400	S.E. 7½ miles

Number	Name and Location of Bank	Total* Banking Offices	Estimated "IPC"		Distance in Road Miles and Direction from Head Office of Applicant and Other Bank
			Deposits and Loans of H. O. Service Area (Indicate D and L) (Thousands of Dollars)	Deposits and Loans (Thousands of Dollars)	
344	First National Bank & Trust Co. of Woodbury, The 2 S. Broad St., Woodbury, New Jersey	1	10,000	6,727	S. 10 miles
345	First Trenton Natl. Bank One West State Street Trenton, New Jersey	9	96,600	55,900	N.E. 32 miles
354	Haddonfield National Bank 119 Kings Highway East Haddonfield, New Jersey	3	17,500	8,130	S.E. 8 miles
357	Mechanics Natl. Bank of Burlington High & Broad Sts. Burlington County, New Jersey	4	9,500	6,500	N.E. 19½ miles
360	Merchantville Natl. Bank & Trust Company Merchantville, Camden County New Jersey	1	11,400	3,607	E. 6 miles
361	National Bank of Mantua, The Mantua, Gloucester County New Jersey	1	7,200	4,602	S. 11½ miles
362	Peoples Natl. Bank of Laurel Springs Laurel Springs, Camden County New Jersey	3	5,000	3,800	S.E. 13 miles
365	Riverside Trust Company Riverside, Burlington County New Jersey	2	5,200	2,532	N.E. 13½ miles
[fol. 5758]					
367	The Security National Bank of Trenton Brunswick & Olden Avenue Trenton, New Jersey	1	\$ 16,000	\$ 9,694	N.E. 32 miles



368	Swedesboro Trust Company Swedesboro, Gloucester County New Jersey	1	4,900	1,690	S.E. 19½ miles
369	The Third Natl. Bank & Trust Company of Camden 27th & Westfield Ave. Camden, New Jersey	1	7,300	2,899	E. 2 miles
370	Trenton Trust Company 28 W. State Street Trenton, New Jersey	6	69,500	40,800	N.E. 32 miles
376	Union Natl. Bk. & Tr. Co. of Mt. Holly Mt. Holly, Burlington County New Jersey	2	9,000	2,854	N.E. 20½ miles
378	Woodbury Trust Company 19 N. Broad Street Woodbury, New Jersey	2	4,600	3,271	S. 10 miles
380	The Yardville National Bank Yardville, Mercer County New Jersey	1	5,200	3,279	N.E. 32½ miles
Delaware					
381	Bank of Delaware 9th & Market Streets Wilmington, Delaware	11	59,700	43,000	S.W. 26 miles
386	Colonial Trust Company 1901 W. 4th Street Wilmington, Delaware	3	4,000	2,500	S.W. 26 miles
387	Commercial Trust Company 8th & King Streets Wilmington, Delaware	1	2,500	1,674	S.W. 26 miles
388	Delaware Trust Company 9th & Market Streets Wilmington, Delaware	8	43,900	24,300	S.W. 26 miles
[Vol. 5759]					
	Farmers Bank of the State of Delaware Dover, Kent County** Delaware	14	-	-	S.W. 67 miles

Number	Name and Location of Bank	Total* Banking Offices	Estimated "IPC" Deposits and Loans of H. O. Service Area (Indicate D and L) (Thousands of Dollars)	Distance in Road Miles, and Direction from Head Office of Applicant and Other Bank
397	Peoples Bank & Trust Company, 1300 Market Street Wilmington, Delaware	1	Deposits \$ 8,000 Loans \$ 4,130	S.W. 26 miles
398	Wilmington Trust Company 10th & Market Streets Wilmington, Delaware	14	191,400 116,800	S.W. 26 miles

Note: Only branches within the service area in New Castle County, Delaware, are assigned map code numbers and shown on the map. Some of these banks have branches throughout the State of Delaware, however, and these are included in the total number of offices column above.

\* Includes offices approved—not open

[fol. 5760] Continue assignment of consecutive numbers and provide the following information with respect to each branch office of (a) Charter Bank and (b) Merging Bank, and (c) each branch office of each other commercial bank competing within the "service areas" of the participating banks.

Number	Name and Location of Branch	Estimated <sup>1</sup> Population Branch Serv. Area	Estimated "IPC" Deposits & Loans Br. Service Area		Road Miles and Direction from Nearest Listed Banking Office
			Deposits (in thousands)	Loans (in thousands)	
	Bank of Old York Road				Miles & Direction
2	County Line & Old York Road, Horsham, Pa.	8,911	\$ 300	\$ —	3 S.E. 258
3	London Rd. & Old York Road, Abington, Pa.	55,872	200	—	1 1/2 N.E. 1
	Broad St. Trust Company				
6	Broad & Market Sts., Phila., Pa.	1,971,341	18,000	18,000	Nom. S.E. 145
7	Broad & Fairmount Ave., Phila., Pa.	1,971,341	13,000	22,000	1/2 S. 6
8	Broad & N. 3rd Ave., Phila., Pa.	1,971,341	5,000	2,500	Nom. S. 187
9	Germantown Ave. & Gravers Lane, Phila., Pa.	1,971,341	5,000	2,500	1/2 N.W. 127
10	39th & Lancaster Ave., Phila., Pa.	1,971,341	2,000	1,000	3/4 S.E. 121
11	7508 Haverford Ave., Phila., Pa.	1,971,341	5,000	1,500	1/2 N.W. 77
12	1715 S. Broad St., Phila., Pa.	1,971,331	—	—	Nom. N. 290
13	8th & Christian Sts., Phila., Pa.	1,971,341	2,000	1,000	1/2 N.E. 119
14	336 Market St., Phila., Pa.	1,971,341	300	200	1/2 S.W. 118
15	2200 Kenj. Franklin Parkway, Phila., Pa.	1,971,341	100	—	3/4 S.E. 34
16	Exeter & Willets Rd., Phila., Pa.	1,971,341	1,000	500	2 S.W. 112
17	6824 26 Bustleton Ave., Phila., Pa.	1,971,341	4,000	2,000	3/4 S.W. 143
18	Chester Pike & Amos Land Rd., Norwood, Pa.	6,729	12,000	4,000	1 W. 20
19	25 Morton Ave., Morton, Pa.	2,200	3,000	1,500	1 S.E. 253
20	1006 Lincoln Ave., Prospect Park, Pa.	6,551	4,000	2,500	1 N.E. 18

\* Approved—not open.

[fol. 5761]

Number	Name and Location of Branch	Estimated Population Branch Serv. Area	Estimated "IPC" Deposits & Loans Br. Service Area		Road Miles and Direction from Nearest Listed Banking Office	Miles & Direction	Number
			Deposits (in thousands)	Loans			
21	Easton Rd. & Glenside Ave., Glenside, Pa.	36,072	6,000	3,000		1 N. E.	54
23	Bryn Mawr Trust Company 38 West Avenue, Wayne, Pa.	6,246	1,000	500		1 1/2 E.	123
25	Station Rd. & Lancaster Ave., Haverford, Pa.	2,094	300			1 1/2 N. W.	24
	Bucks Co. Bank & Tr. Co.						
27	3rd. W. Broad St. & Bethlehem Pike, Quakertown, Pa.	6,850	7,500	5,400		Nom. E.	275
28	Quakertown Shopping Plaza, Quakertown, Pa.	6,850				1 N. W.	283
29	Main Street, Dublin, Pa.	500	3,000	1,500		4 1/2 S. W.	26
	Central-Penn National Bank						
31	1710 Arch Street, Phila., Pa.	1,971,341	8,000	6,000		Nom. S. E.	146
32	21 South 12th St., Phila., Pa.	1,971,341	7,000	5,500		Nom. S. W.	265
33	7th & Chestnut Sts., Phila., Pa.	1,971,341	30,000	24,000		Nom. N. E.	117
34	2nd & Pine Streets, Phila., Pa.	1,971,341	10,000	8,000		1/4 S. W.	119
35	58th & Baltimore Ave., Phila., Pa.	1,971,341	5,000	4,000		1 1/4 N. E.	123
36	60th & Lansdowne Ave., Phila., Pa.	1,971,341	5,000	4,000		1 1/2 S. W.	158
37	65th & Woodland Ave., Phila., Pa.	1,971,341	6,000	5,000		1 1/2 N. E.	124
38	Broad & Passyunk Ave., Phila., Pa.	1,971,341	10,000	8,000		1 1/2 N. W.	12
39	Broad & South Sts., Phila., Pa.	1,971,341	11,000	9,000		1 1/2 W.	55
40	62nd & Lancaster Ave., Phila., Pa.	1,971,341	1,500	1,000		1/4 S. W.	36
41	Broad St. & Glenwood Ave., Phila., Pa.	1,971,341	7,500	5,000		1 1/2 S. W.	106

[fol. 5762]

42	5th & Wyoming Ave., Phila., Pa.	1,971,341	\$14,000	\$11,000	$\frac{3}{4}$ N.W.	270
43	118 S. Bellevue St., Langhorne, Pa.	1,980	5,500	4,000	2 S.E.	45
44	Bushelton Ave. & Doe's Lane, Foustertville, Pa.	12,680	4,000	3,000	$\frac{1}{2}$ S.W.	288
45	U.S. Route #1 & Hulmeville Rd., Pottsville, Pa.	2,200	3,000	2,000	$\frac{1}{4}$ N.E.	46
46	U.S. Route #1 & New Rodgers Rd., Levittown, Pa.	35,000	1,500	1,500	$\frac{1}{4}$ S.W.	45
47	State & Washington St., Newtown, Pa.	1,500	4,500	2,500	Norm. N.W.	101
48	Belmont & City Line Ave., Bala Cynwyd, Pa.	5,945	500	200	$\frac{1}{2}$ S.W.	98

## The Cheltenham National Bank

51	74th & Cheltenham Ave., Cheltenham, Pa.	86,072	3,000	1,000	$\frac{4}{10}$ S.W.	163
52	Front & Cheltenham Ave., Cheltenham, Pa.	86,072	1,500	500	$\frac{1}{4}$ N.	82
53	Fox & Huntingdon Pike, Rockledge, Pa.	2,587	2,000	500	$\frac{1}{2}$ S.E.	50
54	Easton & Cross Roads, Abington, Pa.	55,872			$\frac{1}{8}$ S.W.	21

## Citizens &amp; Southern Bank

56	20th & Chestnut Sts., Phila., Pa.	1,971,341	1,000	300	$\frac{3}{4}$ E.	75
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## Delaware County Natl. Bank

59	15th & W. 4th Street, Chester, Pa.	63,053	1,000	200	Norm. W.	93
60	Radio Park Lane & Middletown Road, Brookhaven, Pa.	5,250	1,000	100	2 S.W.	64
61	2620 Edgemont Ave., Parkside, Pa.	4,385	5,000	2,500	$\frac{1}{4}$ N.E.	20
62	Prince and Powhatan Ave., Tineum, Pa.					

[fol. 5763]

63	Baltimore Pike & South Ave., Media, Pa.	5,863	\$1,500	\$300	$\frac{1}{4}$ N.E.	277
64	Village Green Shopping Center, Route 452, Aston, Pa.	10,606	300	300	2 S.E.	60
65	1441 Chester Pike, Sharon Hill, Pa.	7,062	4,000	300	$\frac{1}{8}$ W.	135
66	5th & Main St., Darby, Pa.	14,006	6,000	2,000	$\frac{1}{4}$ S.W.	65

\*Approved not open.  
 \*\*Recently closed.



Number	Name and Location of Branch	Area	Deposits (in thousands)	Loans	Miles & Direction	Number
Doylestown Natl. Bk. & Tr. Co.						
68	U.S. 611 & Route 313, Cross Keys, Pa.	5,800	1,000	500	1½ S.E.	71
69	Bristol Rd. & U.S. 611, Warrington, Pa.	4,500	700	300	4 S.E.	70
70	Street & York Road, Warminster, Pa.	13,500	300	—	2 S.W.	258
Fidelity Phila. Trust Co.						
74	5th & Chesnut Sts., Phila., Pa.	1,971,341	25.00	15,000	Nom. E.	236
75	18th & Walnut Sts., Phila., Pa.	1,971,341	6,000	2,000	Nom. E.	22
76	Ogontz Ave. & Washington Lane, Phila., Pa.	1,971,341	3,500	1,000	½ N.W.	131
77	7636 City Line Ave., Phila., Pa.	1,971,341	5,000	1,000	½ S.E.	11
78	21st & Wharton Sts., Phila., Pa.	1,971,341	11,000	5,000	¾ E.	202
79	23rd & Snyder Ave., Phila., Pa.	1,971,341	3,500	1,000	½ S.	159
80	Magae Ave. & Roosevelt Blvd., Phila., Pa.	1,971,341	3,500	1,500	½ N.W.	17
81	Phila. International Airport, Phila., Pa.	1,971,341	300	—	2¼ N.W.	65
82	5th & Olney Ave., Phila., Pa.	1,971,341	13,000	6,000	Nom. S.E.	203
83	Welsh Rd. & Roosevelt Blvd., Phila., Pa.	1,971,341	300	100	¾ N.W.	144
84	Route 13 & Locust Ave., Andalusia, Pa.	24,800	1,000	500	¼ N.W.	207
[fol. 5764]						
85	244 Radcliffe St., Bristol, Pa.	13,150	\$13,000	\$8,000	Nom. N.W.	246
86	Route 13 & Clover Ave., Croydon, Pa.	65,000	3,000	2,000	¾ N.W.	85
87	Fairless Hills Shopping Center, Fairless Hills, Pa.	65,000	4,000	2,500	1¼ S.W.	88
88	6902 Newportville-Fallsington Rd., Levittown, Pa.	65,000	3,000	2,000	1¼ N.E.	87
89	Baltimore Ave. & Ogden St., Clifton Hgts., Pa.	8,011	3,000	1,000	¾ S.W.	92
90	Lansdowne Ave. & Baltimore Ave., Lansdowne, Pa.	12,336	8,500	4,000	1 S.W.	89
91	48 W. Marshall Rd., Lansdowne, Pa.	12,336	500	—	¾ S.E.	90

92	220 W. Baltimore Ave., Clifton Heights, Pa.	8.011	10,000	5,500	14 S.W.	175
93	5th & Market Sts., Chester, Pa.	63.053	5,000	2,500	Nom. W.	58
94	1930 W. 3rd St., Chester, Pa.	63.053	1,000	500	12 N.E.	93
95	10th & Market Sts., Marcus Hook, Pa.	3.165	2,000	1,000	Nom. N.W.	254
96	Swarthmore & Hinckley Ave., Ridley Park, Pa.	7.399	5,000	2,500	14 N.E.	90
97	McDade & Fairview Rd., Woodlyn, Pa.	35.290	200	500	14 S.W.	233
98	49 E. City Lane Ave., Bala, Pa.	5.945	1,000	500	12 N.E.	48
99	Old York Rd. & Susquehanna Rds., Abington, Pa.	55.872	7,000	3,000	24 S.	190
First Penna. Bkg. & Tr. Co.						
103	Annex—S.E. Cor. 15th & Chestnut Sts., Phila., Pa.	1.971.341	(included with Main Office)		Nom. W.	102
104	Girard Ave. & Franklin St., Phila., Pa.	1.971.341	10,000	7,000	12 N.W.	5
105	Girard Ave. & Frankford Ave., Phila., Pa.	1.971.341	40,000	30,000	Nom. N.W.	189
106	1006 W. Lehigh Ave., Phila., Pa.	1.971.341	15,000	10,000	Nom. N.E.	154
107	6th & Erie Ave., Phila., Pa.	1.971.341	20,000	15,000	6 10 W.	155
[fol. 5765]						
108	Kensington & Allegheny Ave., Phila., Pa.	1.971.341	\$15,000	\$10,000	Nom. N.W.	240
109	5001 N. Broad St., Phila., Pa.	1.971.341	12,000	9,000	14 S.	270
110	6836 Torresdale Ave., Phila., Pa.	1.971.341	4,000	2,000	34 N.E. <sup>13</sup>	111
111	7157 Frankford Ave., Phila., Pa.	1.971.341	7,000	3,000	13 N.E.	156
112	8001 Frankford Ave., Phila., Pa.	1.971.341	11,000	9,000	7 S.W.	156
113	6740 Germantown Ave., Phila., Pa.	1.971.341	7,000	5,000	14 N.E.	126
114	N.W. Cor. Ridge Ave. & Green Lane, Phila., Pa.	1.971.341	10,000	7,000	Nom. S.	115
115	N.E. Cor. Ridge Ave. & Green Lane, Phila., Pa.	1.971.341	2,000		Nom. N.	114
116	Reading Terminal, 12th & Market Sts., Phila., Pa.	1.971.341	20,000	15,000	Nom. S.	32
117	6th & Chestnut Sts., Phila., Pa.	1.971.341	40,000	30,000	Nom. S.W.	33
118	3157 Chestnut St., Phila., Pa.	1.971.341	10,000	7,000	Nom. W.	266
119	5th & Bainbridge St., Phila., Pa.	1.971.341	20,000	15,000	13 N.E.	34
120	7th & Wolf Sts., Phila., Pa.	1.971.341	7,000	5,000	34 N.W.	38
121	32nd & Market Sts., Phila., Pa.	1.971.341	12,000	8,000	Nom. N.	244
122	45th & Walnut Sts., Phila., Pa.	1.971.341	3,000	2,000	34 S.W.	123
123	4826 Baltimore Avenue, Phila., Pa.	1.971.341	10,000	8,000	34 N.E.	122
124	6150 Woodland Ave., Phila., Pa.	1.971.341	12,000	9,000	12 S.W.	37
125	2490 N. 54th St., Phila., Pa.	1.971.341	12,000	9,000	12 N.E.	179

[fol. 5766]

Number	Name and Location of Branch	Estimated Population Branch Serv. Area	Estimated "IPC" Deposits & Loans Br. Service Area		Road Miles and Direction from Nearest Listed Banking Office
			Deposits (in thousands)	Loans	Miles & Direction
126	16 W. Cheltenham Ave., Phila., Pa.	1,971,341	20,000	15,000	1 1/2 S.W.
127	8527 Germantown Ave., Phila., Pa.	1,971,341	10,000	6,000	1 1/2 S.E.
128	Presidential Blvd. & City Line Ave., Phila., Pa.	1,971,341	1,000	—	1 1/2 S.W.
129	17th & Pennsylvania Blvd., Phila., Pa.	1,971,341	\$ 3,000	\$ 2,000	Nom. N.
130	Cheltenham & Wayne Aves., Phila., Pa.	1,971,341	1,000	—	1 1/2 N.E.
131	2510 Cheltenham Ave., Phila., Pa.	1,971,341	1,500	—	1 1/2 S.E.
132	18 Garrett Road Upper Darby, Pa.	92,786	20,000	10,000	1 1/2 E.
133	Lancaster & Wayne Aves., Wayne, Pa.	21,580	12,000	6,000	1 1/2 E.
134	517 W. Lancaster Ave., Stratford, Pa.	21,580	3,000	1,000	1 1/2 S.E.
*135	MacDade Blvd. & Ashland Ave., Glenolden, Pa.	7,219	—	—	3/4 N.E.
136	Radnor, Chester Rd. & Lancaster Pike, Radnor, Pa.	21,580	500	—	2 W.
137	Township Line & Sprout Rd., Springfield, Pa.	26,748	500	—	1 1/4 S.E.
138	7 E. Lancaster Road, Ardmore, Pa.	6,366	28,000	18,000	3/10 N.E.
139	Inbound Station, P.R.R., Ardmore, Pa.	6,366	—	—	256
140	2560 Huntingdon Pike, Lower Moreland, Pa.	5,735	9,000	5,000	2 1/2 N.E.
*141	262 Ridge Pike, Plymouth, Pa.	11,438	—	—	1 N.E.
*141A	Levittown Parkway & Bristol Pike, Levittown, Pa.	65,000	—	—	Nom. W.
Frankford Trust Company.					
143	Caster Ave. & Hellerman St., Phila., Pa.	1,971,341	12,000	6,000	3/4 N.E.
144	Welsh Rd. & Bustleton Ave., Phila., Pa.	1,971,341	8,000	4,000	3/4 S.E.
Girard Trust Corn Exchange Bank					
146	17th St. & Penna. Blvd. Suburban Station Bldg., Phila., Pa.	1,971,341	(Included in Main Office)		Nom. S.

[fol. 5767]

129

147	N.E. Cor. 3rd & Arch Sts., Phila., Pa.	1,971,341	28,400)	17,300)	1/8 S.W.	14
148	N.E. Cor. 2nd & Chestnut Sts., Phila., Pa.	1,971,341	—	—	1/8 W.	118
• 149	N.E. Cor. Conly Rd. & Roosevelt Blvd., Phila., Pa.	1,971,341	—	—	1 1/2 N.W.	288
150	Kirkbride, Ash & Thompson Sts., Phila., Pa.	1,971,341	6,600	1,000	3/4 N.W.	157
151	S.W. Cor. Rising Sun & Cottman Ave., Phila., Pa.	1,971,341	9,700	2,300	1/2 S.W.	50
152	4700 Frankford Ave., Phila., Pa.	1,971,341	29,600	4,300	1 1/2 S.W.	142
153	5500 Germantown Ave., Phila., Pa.	1,971,341	30,200	18,600	1 1/2 S.W.	206
154	2721 Germantown Ave., Phila., Pa.	1,971,341	—	—	Nom. N.	206
155	3711-15 Germantown Ave., Phila., Pa.	1,971,341	10,100	3,400	Nom. S.W.	106
156	4010-12 E. Cottman Ave., Phila., Pa.	1,971,341	15,900	5,400	Nom. N.	268
157	N.W. Cor. Orthodox & Torresdale Ave., Phila., Pa.	1,971,341	5,800	2,400	1 1/2 S.W.	111
158	427-35 N. 63rd St., Phila., Pa.	1,971,341	(Included in No. 152)	—	1 1/2 W.	142
159	23rd, Passyunk & Ritner Sts., Phila., Pa.	1,971,341	4,400	2,000	1 1/2 N.E.	36
160	12th & Spring Garden Sts., Phila., Pa.	1,971,341	4,800	1,400	1 1/2 N.E.	79
161	Stenton Ave. & Washington Lane, Phila., Pa.	1,971,341	11,000	4,100	1 1/2 N.W.	7
162	2942 N. 22nd St., Phila., Pa.	1,971,341	9,200	2,400	3 1/2 N.E.	163
163	7179-81 Ogontz Ave., Phila., Pa.	1,971,341	7,500	4,100	3 1/2 N.E.	41
			(Included in No. 161)	—	1 1/2 S.W.	76
[fol. 5768]						
164	40th & Ludlow Sts., Phila., Pa.	1,971,341	14,000	3,900	5 N.W.	158
165	Torresdale Ave. & Howell St., Phila., Pa.	1,971,341	(Included in No. 152)	—	1 W.	204
166	6808-10 Market St., Upper Darby, Pa.	92,786	21,400	16,900	Nom. W.	251
167	P.T.C. Terminal, 68th & Market Sts., Upper Darby, Pa.	92,786	—	—	3/10 S.	166
168	Glendale Rd. & Ludlow St., Upper Darby, Pa.	92,786	—	—	Nom. N.	166
169	West Chester Pike & Summit Ave., Broomall, Pa.	19,664	2,400	1,300	1 3/10 S.E.	173
170	4221 Ferns Blvd., Drexel Hill, Pa.	92,786	5,700	2,700	1 N.W.	176
171	1625 E. Darby Rd., Havertown, Pa.	53,806	4,900	2,500	1-2/10 S.W.	173
172	Lawrence Park Shopping Center, Broomall, Pa.	19,664	2,000	500	1-2/10 S.E.	137
173	Manoa Shopping Center, Havertown, Pa.	53,806	3,100	1,200	1-2/10 N.E.	171
174	3533 W. Chester Pike, Newtown Square, Pa.	9,210	2,400	1,100	2 1/2 S.E.	169
175	Penn Fruit Bldg., Pike & Oak Lane, Clifton Hgts., Pa.	92,786	1,500	1,800	1 S.E.	92
176	Pilgrim Gardens Shopping Center, Drexel Hill, Pa.	92,786	3,300	800	1 3/10 S.W.	170
177	712 1/2 Church Lane, Yeadon, Pa.	11,506	2,900	—	—	66

\*Approved—not open.

Number	Name and Location of Branch	Estimated Population Branch Serv. Area	Estimated "IPC" Deposits & Loans Br. Service Area		Miles & Direction	Number
			Deposits (in thousands)	Loans (in thousands)		
178	Haverford & Essex Aves., Narberth, Pa.	5,101	9,000	5,200	1/4 S.W.	180
179	1 Bala Avenue, Bala Cynwyd, Pa.	12,565	4,000	4,100	1/4 N.E.	98
180	18 E. Wynnewood Rd., Wynnewood, Pa.	15,631	5,500	2,800	1 N.E.	178
181	Butler Ave. & Spring Garden Sts., Ambler, Pa.	6,750	7,000	2,900	Nom. W.	282
182	Bethlehem Pike & Wissahickon Ave., Flourtown, Pa.	13,800	2,800	1,300	1 1/4 S.E.	127
183	Fort Washington Industrial Park, Fort Washington, Pa.	5,100	2,100	900	2 N.W.	282
[fol. 5769]						
Harleysville National Bk. & Tr. Co.						
185	Skippack Pike, Skippack, Pa.	3,338	(included in Main Office)		4 S.W.	57
Industrial Trust Company						
187	Broad & Nedro Sts., Phila., Pa.	1,971,341	\$ 5,000	\$ 4,000	Nom. N.	8
188	Kensington and Huntingdon Aves., Phila., Pa.	1,971,341	5,000	4,000	1/4 S.W.	239
189	136-38 W. Girard Ave., Phila., Pa.	1,971,341	1,000	200	Nom. S.E.	105
190	3173 Richmond Ave., Phila., Pa.	1,971,341	2,000	500	1 N.W.	108
191	1518 Walnut St., Phila., Pa.	1,971,341	8,000	5,000	Nom. N.W.	22
192	1015 Chestnut St., Phila., Pa.	1,971,341	8,500	—	Nom. W.	265
193	1620 Wadsworth Ave., Phila., Pa.	1,971,341	1,500	500	1/4 S.E.	131
*194	Large & Cottman Sts., Phila., Pa.	1,971,341	—	—	Nom. S.	286
*195	140 Montgomery Ave., Bala, Pa.	5,945	—	—	1/4 S.E.	125
Jenkintown Bank & Trust Company						
197	Reading Railroad Station, Jenkintown, Pa.	5,017	300	—	3/10 E.	196
198	Benson Apts., York Rd. & Twp. Line Rd., Jenkintown, Pa.	5,017	1,000	500	1/4 N.E.	196
*199	Baerwood Shopping Center, York Rd., Abington, Pa.	55,872	—	—	1/2 N.	99



## Liberty Real Estate Bk. &amp; Tr. Co.

201	15th & Sansom Sts., Phila., Pa.	1,971,341	30,000	25,000	Nom. N.	102
202	Broad & Federal Sts., Phila., Pa.	1,971,341	12,000	6,000	$\frac{1}{4}$ S.	290
[fol. 5770]						
203	417-19 Olney Ave., Phila., Pa.	1,971,341	6,000	3,000	Nom. N.W.	82
204	5119-25 Frankford Ave., Phila., Pa.	1,971,341	1,500	500	$\frac{1}{2}$ S.W.	152
205	Henry Ave. & Cathedral Rd., Phila., Pa.	1,971,341	500	—	$\frac{1}{4}$ N.E.	127
206	Germanatown Ave. & School House Lane, Phila., Pa.	1,971,341	1,500	500	Nom. S.	153
207	Knights & Woodhaven Rd., Phila., Pa.	1,971,341	—	—	3/10 S.E.	184
208	8344 Bustleton Ave., Phila., Pa.	1,971,241	500	—	$\frac{3}{4}$ S.E.	245
209	49 S. 69th St., Upper Darby, Pa.	92,786	500	—	3/10 N.	166

## Montgomery County Bk. &amp; Tr. Co.

212	510 W. Marshall St., Norristown, Pa.	38,827	—	—	$\frac{1}{2}$ S.E.	211
213	Main & Mill Sts., Norristown, Pa.	38,827	—	—	3/10 N.W.	227
214	Johnson Highway & Markley St., Norristown, Pa.	38,827	1,000	500	1-2/10 S.W.	228
215	5th & Broad Sts., Lansdale, Pa.	12,584	2,000	500	$\frac{1}{2}$ S.W.	259
216	Main & Broad Sts., Hatfield, Pa.	1,941	6,000	3,000	2 S.	215
217	114 N. Main St., North Wales, Pa.	3,670	6,000	2,000	3 N.W.	259
218	205 High St., Pottstown, Pa.	26,066	2,000	1,000	7/10 W.	261
219	High & Wilson Sts., Pottstown, Pa.	26,066	20,000	13,500	3/10 W.	289
220	West High St., Stowe, Pa.	3,477	1,500	500	$\frac{1}{4}$ S.E.	289
221	Valley Forge Shopping Center, King of Prussia, Pa.	16,924	300	—	$\frac{1}{4}$ N.E.	4

[fol. 5771]

## The Morrisville Bank

223	Trenton & Pennsylvania Ave., Morrisville, Pa.	8,080	2,000	1,000	$\frac{1}{4}$ S.	222
The Peoples Natl. Bank & Trust Co. of Norristown						
228	2743 DeKalb Pike, E. Norristown, Pa.	7,756	400	—	1-2/10 S.W.	214
229	Joshua Rd. & Germantown Pike, Whitemarsh, Pa.	12,274	2,000	1,000	1 S.W.	141
230	Egypt Rd. & Ridge Pike, W. Norristown, Pa.	8,312	1,500	1,000	1 $\frac{1}{4}$ N.W.	262

\*Approved—not open.

Number	Name and Location of Branch	Estimated Population Branch Serv. Area	Estimated "IPC" Deposits & Loans Br. Service Area		Miles & Direction	Number
			Deposits (in thousands)	Loans		
231	DeKalb Pike, King of Prussia, Pa.	16,924	1,700	—	1 1/4 N.E.	221
232	1 Main St., Pennsylvania, Pa.	1,709	500	—	1 N.W.	234
The Philadelphia Natl. Bank						
236	421 Chestnut St., Phila., Pa.	1,971,341	70,852	51,861	Nom. W.	74
237	35 S. 9th St., Phila., Pa.	1,971,341	9,841	1,421	Nom. W.	192
238	3 Penn Center Plaza, Phila., Pa.	1,971,341	4,383	1,207	1/4 N.W.	146
239	Front & Norris Sts., Phila., Pa.	1,971,341	17,298	2,860	Nom. S.	186
240	Allegheny & Kensington Aves., Phila., Pa.	1,971,341	16,644	7,246	Nom. S.E.	108
241	7th & Dauphin Sts., Phila., Pa.	1,971,341	7,532	1,335	1/2 N.W.	106
242	Front St. & Allegheny Ave., Phila., Pa.	1,971,341	7,472	1,335	1/4 E.	240
243	Erie & Castor Aves., Phila., Pa.	1,971,341	17,798	6,293	1/2 S.W.	272
244	3131 Market St., Phila., Pa.	1,971,341	9,059	6,685	Nom. S.	121
245	8200 E. Roosevelt Blvd., Phila., Pa.	1,971,341	—	—	1/4 N.W.	208
246	280 Radcliffe St., Bristol, Pa.	13,150	9,192	20,083	Nom. S.W.	85
247	Levittown Shopping Center, Levittown, Pa.	65,000	6,701	1,713	Nom. E.	141A
[fol. 5772]						
248	Midway Shopping Center, Levittown, Pa.	65,000	\$ 1,472	\$ 305	2 1/4 N.E.	88
249	689 Second St. Pike, Southampton, Pa.	7,930	4,191	1,283	4 S.E.	44
250	10 S. Main St., Yardley, Pa.	2,350	4,445	2,028	3 3/4 S.E.	223
251	6912 Market St., Upper Darby, Pa.	92,786	780	311	Nom. E.	166
252	6th & Market Sts., Chester, Pa.	63,053	23,944	10,779	1/4 N.	253
253	11th & Madison Sts., Chester, Pa.	63,053	1,686	2,463	1/4 S.	252

254	10th & Market Sts., Marcus Hook, Pa.	3,165	2,606	1,026	Nom. W.	95
255	MacDade Blvd. & Kedron Rd., Ridley Township, Pa.	35,280	3,001	2,087	3/4 S.E.	20
256	75 St. James Place, Suburban Square, Ardmore, Pa.	6,366	10,235	13,261	3/10 S.E.	139
257	Fayette St. at 5th Ave., Conshohocken, Pa.	7,307	11,236	5,510	2 N.W.	141
258	South York Rd., Hathboro, Pa.	12,584	16,777	13,667	2 N.E.	70
259	W. Main Street, Lansdale, Pa.	38,287	13,381	9,682	1/2 N.E.	215
260	110 W. Main St., Norristown, Pa.	26,066	11,132	9,976	1/4 N.	212
261	401 High St., Pottstown, Pa.	9,904	35	—	7/10 W.	218
262	2773 Ridge Pike, Trooper, Pa.	—	—	—	1/4 S.E.	230
Provident Tradesmens Bk. & Tr. Co.						
264	17th & Chestnut Sts., Phila., Pa.	1,971,341	72,000	55,000	Nom. S.W.	75
265	12th & Chestnut Sts., Phila., Pa.	1,971,341	25,000	20,000	Nom. N.E.	32
266	4th & Chestnut Sts., Phila., Pa.	1,971,341	25,000	20,000	Nom. E.	118
267	6th & Spring Garden Sts., Phila., Pa.	1,971,341	30,000	20,000	1/4 N.E.	210
268	3701 N. Broad St., Phila., Pa.	1,971,341	4,000	2,000	Nom. S.	155
[fol. 5773]						
269	150-154 W. Cheltenham Ave., Phila., Pa.	1,971,341	\$15,000	\$10,000	1/4 S.	130
270	Broad & Loudon St., Phila., Pa.	1,971,341	3,000	3,000	1/4 S.	109
271	19 S. 52nd St., Phila., Pa.	1,971,341	4,000	10,000	3/4 S.E.	122
272	Eric Ave. & "F" St., Phila., Pa.	1,971,341	4,000	2,000	1/2 N.E.	243
273	Juniper & Market Sts., Phila., Pa.	1,971,341	58,000	20,000	1/4 N.W.	200
274	3301 S. Galloway St., Food Distribution Center, Phila., Pa.	1,971,341	1,000	500	3/4 N.W.	120
275	224-8 W. Broad St., Quakertown, Pa.	6,850	6,000	4,000	Nom. S.W.	27
276	209 N. Main St., Sellersville, Pa.	2,500	2,000	7,000	1/4 N.E.	26
277	State St. & South Ave., Media, Pa.	5,863	24,000	15,000	1/4 S.W.	63
278	Chester Rd. & Rutgers Ave., Swarthmore, Pa.	5,753	6,000	3,000	1/2 S.E.	19
279	Saxer Ave. & Hart Lane, Springfield, Del. Co., Pa.	26,748	2,000	7,000	1/4 N.W.	137
280	Baltimore Pike & Beatty Rd., Nether Providence, Pa.	10,410	1,000	—	1/4 N.W.	63

\*Approved—not open.

Number	Name and Location of Branch	Estimated Population Branch Serv. Area	Estimated "IPC" Deposits & Loans Br. Service Area		Road Miles and Direction from Nearest Listed Banking Office	
			Deposits (in thousands)	Loans	Miles & Direction	Number
281	Baltimore Pike & War Admiral Lane, Lima, Pa.	12,002	—	—	2½ N.E.	63
282	Butler Ave. & Main St., Ambler, Pa.	6,750	5,000	3,600	Nom. S.E.	181
Second National Bank of Philadelphia						
284	3314 Germantown Ave., Phila., Pa.	1,971,341	6,000	3,000	1½ N.W.	155
286	2200 Cottman Ave., Phila., Pa.	1,971,341	4,000	2,000	Nom. N.E.	194
287	6705 Rising Sun Ave., Phila., Pa.	1,971,341	1,000	500	3½ N.E.	151
288	11830 Bustleton Ave., Phila., Pa.	1,971,341	1,000	300	2½ S.W.	140
[fol. 5774]						
Security Trust Co. of Pottstown						
280A	930 N. Charlotte St., Pottstown, Pa.	26,066	\$ 500	\$ —	1½ N.E.	289
Union National Bank & Trust Company of Soudertown						
283	Gravel Pike, Green Lane, Pa.	566	2,000	1,000	4 N.W.	232
294	Penn Avenue, Telford, Pa.	2,170	3,000	1,500	1¼ S.E.	292
Bordertown Banking Company						
297A	Route No. 130 & Cemetery Lane, Bordertown Twp., N.J.	6,020	1,000	100	1½ W.	297
The Broad Street National Bank of Trenton						
299	Hamilton & Chestnut Aves., Trenton, N.J.	114,015	2,000	1,000	1½ E.	349
300	240 Hermitage at Artisan St., Trenton, N.J.	114,015	1,000	500	1½ N.E.	374

## Burlington County Trust Co.

303	Maple Shade, N.J.	12,792	1,500	500	2 1/2 W.	360
304	Masonville, N.J.	5,262	1,000	500	3 W.	302

## Camden Trust Company (excluding branches not in service area)

306	2614 Federal St., Camden, N.J.	115,363	5,000	3,000	Norm. N.	369
307	1219 Broadway, Camden, N.J.	115,363	15,000	7,000	Norm. S.	324
308	Church & Main Sts., Blackwood, N.J.	17,572	3,000	1,000	3 F.	363
309	765 Haddon Ave., Collingswood, N.J.	17,368	10,000	5,000	1 1/2 N.W.	353
310	Marlton Pike & Virginia Ave., Erlton, N.J.	31,065	2,000	1,000	3 1/2 E.	356
311	500 Monmouth St., Gloucester City, N.J.	15,424	3,000	1,000	2 1/2 E.	313
312	Kings Highway E. and Chestnut St., Haddonfield, N.J.	13,122	10,000	4,000	Norm. W.	354

[col. 5775]

313	205 N. Black Horse Pike, Mt. Ephraim, N.J.	5,444			1 E.	326
314	507 White Horse Pike, Oaklyn, N.J.	4,789	\$ 8,000	\$ 3,000	1 S.	309
315	Clements Bridge Rd. & Lindsay Ave., Runnemede, N.J.	8,384	3,000	1,500	1 1/2 N.W.	326

## Cinnaminson Bank &amp; Trust Co.

317	Cinnaminson Twp., New Jersey	8,265	500		1 1/2 N.W.	316
318	Palmyra, N.J.	7,006	1,000	500	1 N.E.	316

## The Farmers &amp; Mechanics National Bank of Woodbury

320	6 West Avenue, Wenonah, New Jersey	2,099	1,000	501	1 1/2 N.	379
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## First Camden National Bank &amp; Trust Company (excluding branches not in service area)

324	Broadway & Sycamore Sts., Camden, N.J.	115,363	10,000	5,000	Norm. S.	307
325	Broadway Terminal Bldg., Camden, N.J.	115,363	1,000		1 1/2 N.	308
326	Black Horse Pike & Browning Rd., Bellmawr, N.J.	11,846	2,000	500	1 E.	313

\*Approved not open.



Number	Name and Location of Branch	Estimated Population Branch Serv. Area	Estimated "IPC" Deposits & Loans Br. Service Area		Road Miles and Direction from Nearest Listed Banking Office	
			Deposits (in thousands)	Loans (in thousands)	Miles & Direction	Number
327	White Horse Pike, Talington Ave., Berlin, N.J.	9,232	8,000	4,000	1 N.W.	295
328	Station & Atlantic Aves., Haddon Heights, N.J.	33,869	5,500	2,500	1½ S.E.	360
329	Browning Rd. & Westfield Ave., Pennsauken, N.J.	1,976,341	5,000	3,000	Nom. W.	14
330	223 Market St., Phila., Pa.					
[col. 5776]						
The First National Bank of Hamilton Square						
335	Mercerville, N.J.	64,819	—	—	1½ N.E.	334
The First National Bank & Trust Company of Paulsboro						
338	Gibbstown, N.J.	4,060	\$ 1,000	\$ 500	3½ N.E.	337
339	West Deptford, N.J.	11,154	1,000	500	1½ S.E.	344
The First National Bank of Westville						
343	Delces Drive & Cooper St., Deptford, N.J.	17,809	1,500	500	1 E.	342
First Trenton National Bank (excluding branches not in service area)						
346	1 North Warren St., Trenton, N.J.	114,015	—	—	Nom. S.W.	345
347	1119 S. Broad & Liberty Sts., Trenton, N.J.	114,015	6,000	3,000	½ W.	372
348	1488 Pennington Rd., at Olden Ave., Ewing, N.J.	26,606	5,000	3,000	1 S.	374
349	534 Hamilton Ave. at Chambers St., Trenton, N.J.	114,015	7,000	3,400	½ N.	299
350	Pennington Traffic Circle, Hopewell Twp., N.J.	7,805	1,000	500	½ W.	352
351	Brunswick Circle, Lawrence, N.J.	13,620	1,500	500	½ S.W.	367

352 1 N. Main St. Pennington, N.J. 2,065 5,500 3,000 1 1/2 S. 350  
 353 1201 E. State St. at Olden Ave., Trenton, N.J. 114,015 2,500 1,000 2 2/3 S.W. 349

#### Haddonfield National Bank

355 315 Haddon Avenue, Haddonfield, N.J. 13,122 2,500 1,000 1 1/2 N. 354  
 356 Berlin & Evesham Rds., Haddonfield, N.J. 3,775 — — 1 1/2 S.W. 309

[col. 5777]

#### Mechanics National Bank of Burlington

359A Rt. 130, Burlington Twp., New Jersey 6,268 \$ 1,000 \$ 500 1 1/2 S. 366  
 358 Florence, Mansfield Twp., New Jersey 2,056 2,500 1,000 3 E. 359  
 359 Main & Atlantic Sts., Mansfield Twp., N.J. 2,056 500 — 3 W. 358

#### Peoples National Bank of Laurel Springs

363 Clementon, New Jersey 3,781 2,500 1,000 1 N.W. 362  
 364 Somerdale, New Jersey 4,807 2,000 1,000 2 S.E. 362

#### Riverside Trust Company

366 Levittown, New Jersey 11,796 500 — 1 1/2 S.W. 296

#### Trenton Trust Company

371 Broad & Market Sts., Trenton, New Jersey 114,015 7,000 4,000 1 N. 298  
 372 Broad & Hudson Sts., Trenton, New Jersey 114,015 3,000 1,000 1 1/2 N.E. 299  
 373 100 S. Clinton Ave., Trenton, New Jersey 114,015 1,500 500 1 1/2 S.E. 299  
 374 853 Prospect St., Trenton, New Jersey 114,105 8,000 3,000 1 1/2 S.W. 300  
 375 1564 Edgewood ve., Trenton, New Jersey 114,105 2,000 1,000 3/4 S.E. 300

#### The Union National Bank & Trust Company at Mt. Holly

377 Mt. Holly, New Jersey 13,260 4,000 1,500 1 1/2 N.W. 322

\*\*Not in service area.

Number	Name and Location of Branch	Estimated Population Branch Serv. Area	Estimated "IPC" Deposits & Loans Br. Service Area		Miles & Direction	Number
			Deposits (in thousands)	Loans (in thousands)		
Woodbury Trust Company						
379	Mantua & Cherry Sts., Woodbury Heights, N.J.	1,719	500	—	1 1/4 N.W.	378
Bank of Delaware (excluding branches not in service area)						
382	6th & Market Sts., Wilmington, Delaware	94,234	40,000	32,000	Nom. N.E.	387
383	2nd & Union Sts., Wilmington, Delaware	94,234	5,000	3,500	Nom. N.E.	386
[fol. 5778]						
384	Merchandise Mart, Marsh Rd., Wilmington, Del.	94,234	\$ 5,000	\$ 3,000	3/4 N.W.	401
385	duPont Experimental Station, Wilmington, Del.	94,234	2,000	500	1 1/4 N.W.	403
Colonial Trust Company						
386A	Maryland Ave. & Chandler St., Wilmington, Del.	94,234	1,000	300	1 1/2 N.E.	383
386B	90N Madison Ave., Wilmington, Delaware	94,234	700	100	1/4 E.	382
Delaware Trust Company (excluding branches not in service area)						
389	Fairfax, Wilmington, Delaware	94,234	2,500	1,000	1 1/4 S.W.	385
390	Penny Hill, Wilmington, Delaware	94,234	2,500	1,000	3/4 S.W.	401
391	Price's Corner, Wilmington, Delaware	94,234	1,000	500	2 1/4 S.W.	383
392	Wilmington Manor, Wilmington, Delaware	94,234	2,000	1,000	4 N.W.	391
**Farmer's Bank of the State of Delaware (excluding branches not in service area)						
393	3rd & Market Sts., Wilmington, Delaware	94,234	\$ 8,000	4,000	1/4 N. E.	382
394	9th & Shipley Sts., Wilmington, Delaware	94,234	33,500	27,400	Nom. E.	399

395 30th & Market Sts., Wilmington, Delaware 94,234 2,000 1,000 1/2 N.E. 401  
 396 John Wamaker Store, Wilmington, Delaware 94,234 2,000 1,000 1 S.E. 400

Wilmington Trust Company (excluding branches not in service area)

399 Shipley & 10th Sts., Wilmington, Delaware 94,234 13,000 10,000 Nom. W. 394  
 400 2720 Market St., Wilmington, Delaware 94,234 2,000 1,000 1/4 S.E. 397  
 401 3005 Market St., Wilmington, Delaware 94,234 2,000 1,000 1/2 S.W. 395

[[col. 5779]

402 Claymont, Delaware 6,000 \$ 5,000 4 1/2 S.W. 390  
 403 Greenville, Delaware 3,500 2,000 1,000 1 1/4 S.E. 385

In those cases where the estimated population of the branch service area is not available the population of the political subdivision in which the branch is located is given.

••Head Office not in service area.

[fol. 5780] If the Charter Bank or Merging or Consolidating Bank has pending applications for approval of branches, or has received authority to establish branches which are not yet open for business, furnish pertinent details. Such branches should be listed and assigned numbers continuing the sequence established in the foregoing schedules, and should be shown and appropriately identified on the map.

**Branches Approved—Not Actually Open**

**The Philadelphia National Bank**

- 255 Ridley Township Office (under construction)  
MacDade Blvd. & Kedron Avenue  
Folsom, Delaware County, Pa.  
Date Approved: July 14, 1959. Expected Opening: December 1960.
- 245 Pennypack Circle Office (construction to start soon)  
8200 E. Roosevelt Blvd.  
Philadelphia, Pa.  
Date Approved: May 5, 1959. Expected Opening: Spring 1961.

**Relocation**

- 249 Southampton Office—relocating approximately 300 feet East from old location on 2nd St. Pike to new location at 736 Street Road, Upper Southampton, Bucks County, Pa.

**Girard Trust Corn Exchange Bank**

- 149 Roosevelt Boulevard Office  
Northeast corner Comly Road & Roosevelt Boulevard  
Philadelphia, Pa.  
Date Approved: September 25, 1959. Expected Opening: Late 1960.

[fol. 5781] List the assigned numbers of any branches of the participating banks, including branches approved or applied for, which it is planned to discontinue or abandon if the proposed transaction is effected, and furnish pertinent details.

**The Philadelphia National Bank**

- 261 Upper Darby Office  
6912 Market Street  
Upper Darby, Pa.

This small office of Philadelphia National was opened in July 1959. Deposits on June 30, 1960 were \$78M and loans, \$311M.

Its 900-odd customers can be fully serviced at the large and active branch of Girard (branch number 166) that is right next door, and which had been the Main Office of The Upper Darby National Bank prior to its merger with Girard-Corn.

Furthermore the map attached to this application indi-



states that there are many choices of other banking institutions in the immediate vicinity, should any of these customers desire other banking connections.

Closing this office will not cause a real estate problem to the Resulting Bank since the space is rented rather than owned and the lease will terminate in May 1962.

[fol. 5782] State whether the service area or areas of the Resulting Bank will be predominantly agricultural, industrial, residential, or mixed, and describe the growth trend therein over the past ten years and the present economic outlook. (A concise general statement, rather than statistical data, is desired.)

As indicated on the map which accompanies this application, the service area of the Resulting Bank is comprised of Philadelphia, Bucks, Montgomery, and Delaware Counties in Pennsylvania; portions of Mercer, Burlington, Camden, Gloucester, and Salem counties in New Jersey; and a portion of New Castle County in Delaware. This area lies in the heart of "Delaware Valley," which is one of the most—if not the most—industrialized areas in the United States. It is not dependent upon a single or a few major industries, but enjoys an extremely high degree of diversity. In no other area would one find a more representative cross-section of the nation's durable and nondurable manufacturing and processing facilities. A roster of Delaware Valley manufacturing industries would include primary and fabricated metals, electrical machinery, textile, apparel, and leather, chemicals, petroleum, and many more. For example:

Amchem Products, Inc., Ambler, Pennsylvania.

G. & W. H. Corson, Inc., Plymouth Meeting, Pennsylvania.

N. Y. Shipbuilding Corp., Camden, New Jersey.

Sun Shipbuilding & Drydock Co., Chester, Pennsylvania.

James Lees & Sons Co., Bridgeport, Pennsylvania.

Campbell Soup Company, Camden, New Jersey.

E. I. duPont de Nemours, Wilmington, Delaware.

Scott Paper Company, Chester, Pennsylvania.

Keasby & Mattison Co., Ambler, Pennsylvania.

Lee Rubber & Tire Co., Conshohocken, Pennsylvania.

Industrial activity is fed and vitalized by the Port of the Delaware Valley which is the world's largest fresh-water port.

Complementing the industrial sector, the area is characterized by abundant, modern, wholesale and retail facilities. The \$100,000,000 Food Distribution Center in South Philadelphia is an impressive example of the development of warehousing and distribution facilities. The many city department and specialty stores, as well as the suburban shopping centers, constitute an unexcelled outlet for consumer products.

[fol. 5783] The service area of the Resulting Bank must also be described as residential for it includes a large and expanding population. Philadelphia is of course the largest city, but Trenton, Camden, and Wilmington have populations in the vicinity of 100,000 each. Some of the suburban sections have been among the fastest growing in the nation. In the past ten years, for example, the population of Bucks County has increased some seven times the national average growth and that of Burlington County some four times the average. In regard to population it is noted that the service area has a diversified, highly skilled labor force, which is one of its richest resources.

Over the past ten years the economic trend in the area has been in the direction of sizable growth and expansion. Industrial enterprises have expended tremendous sums for new plants and equipment. In accommodation of these capital expansion programs we have witnessed the appearance and development of a relative newcomer to the industrial scene—the industrial park. Fort Washington Industrial Park, Pennsauken Industrial Park, King of Prussia Industrial Park and Valley Forge Industrial Park are among those which have met with considerable early success.

The outlook is for continued economic growth. It is estimated that in 1961 some \$600,000,000 will be spent for new plants and equipment in Delaware Valley, which represents a sharp increase over 1960's total as estimated a year ago. Growth prospects are underscored by projects such as the following: General Electric will build a \$14,000,000 research and development center for space technology; Alan Wood Steel has a \$36,000,000 expansion program underway; Shell

Oil's Shell Chemical is planning a \$20,000,000 resins and plastics plant; Scott Paper is building a \$10,000,000 research center.

Despite the substantial expansion which has taken place, there is ample room for further development within the service area. In the September 1954 issue of *Fortune* magazine it was said, "The oldest industrial area in the U. S. has become the newest . . . the Delaware Valley is growing into one vast industrial complex." This is even truer today than it was six years ago, and we believe that the current evidence augurs well for significant growth in the years ahead.

[fol. 5784] Discuss the lending power and capacity of each of the participating banks in relation to the credit needs of its service area, and how the lending power and capacity of the Resulting Bank will relate to those needs.

The capital and surplus of the Philadelphia National Bank is presently \$80 million, indicating a legal lending power or limit of \$8 million to any one borrower. Girard Trust Corn Exchange Bank's capital and surplus is \$60 million; hence, its legal limit is \$6 million. Over the years both banks have recognized the necessity and importance of increasing the availability of credit to their larger borrowers, and in the case of the Philadelphia National, this limit has been increased from \$5 million to \$8 million since 1950. At the time of the Girard Trust-Corn Exchange merger in 1951, those combined banks had a lending limit of \$3,800,000, which, as has been mentioned, has since been increased to \$6 million.

Of the above increases in lending limits, in the case of Philadelphia National \$1,144M came from additions to capital and surplus as a result of the various small mergers described previously under "Financial History and Condition" and \$1,856M came from transfers from Undivided Profits. In the case of Girard Corn, \$925M came from mergers, and \$1,375M from transfers.

The customers of Philadelphia National and Girard Trust Corn Exchange include many corporations headquartered in their service areas whose borrowing requirements far exceed the limit of either of the banks individually and who for that reason obtain their credit needs in New York and other financial centers where there are larger banks. In

this respect, both banks compete actively with institutions particularly in New York City but also in other cities with banks having larger lending limits even though several of those cities are smaller than Philadelphia.

Philadelphia is the fourth largest industrial and commercial center, and many enterprises located here have grown very substantially over the past ten years. Each of the participating banks has, as far as possible, tried to keep pace with the growing requirements of its customers. Nevertheless, both have found it impossible to increase their lending power commensurate with the expanding credit needs of industry in the service area. On the basis of providing increased credit facilities to the larger customers [fol. 5785] of both banks, there will come back to Philadelphia—where they rightfully belong—balances now carried in banks in New York City and other financial centers. The proposed merger would represent a constructive step toward meeting the borrowing requirements of the larger customers of the two banks, since the Resulting Bank is to have a lending limit of \$15 million.

[fol. 5786] Discuss the types of service which the Resulting Bank will offer which are not now offered by the participating banks in their respective areas, indicating the extent to which such services are offered by other commercial banks competing within such areas.

While many of the services offered by each participant are identical in nature there are certain benefits in merging which are based not so much on the character of the service provided, but on the amount and degree such services will be available.

The substantially higher legal lending limit of the resulting bank will permit a far larger portion of the needs of the customers in the combined service area to be met entirely on a local basis without recourse to banks in other large financial centers such as New York City and Pittsburgh. To the extent that local businesses no longer find it necessary to maintain distant accounts, more funds for the expansion of local industry will be made available.

The staff of the resulting bank will represent a greater store of combined experience, and will permit a degree of specialization which neither participant could support individually. Rapid technological advances and the continued



growth of new and existing industries in the Delaware Valley Area demand that the services rendered by its commercial banks be constantly improved and expanded. The specialization that the combined staff will supply will promote more rapid and effective solutions to problems of area industries.

A major factor contributing to the growth of the Delaware Valley area is its extremely active fresh water port. Both participants are very active in the fields of import and export financing, and have contributed in no small measure to the increasing importance of Philadelphia as an international port. With the talents of each participant combined, the effect cannot help but accelerate future port development and benefit area businessmen engaged in international trade.

Turning to more specific facilities which will be offered as new or expanded services, the field of trade promotion must be mentioned. The Charter Bank has a fully staffed Trade Promotion Department to aid exporters in locating foreign markets for their products. Additionally, this department is active in locating sources for imports of particular products from abroad to meet local demands. Expansion of this service to each office of the Merging Bank will help to stimulate the interest of more local industries in foreign business.

The Charter Bank acts as syndicate head and dealer in handling tax-supported municipal bond issues, and is the only bank in Pennsylvania to do so.

Each participant offers a wide range of services to its correspondents, and as a result of the proposed merger a clearing house for handling the purchase and sale of "federal funds" for correspondents will be established.

The Charter Bank, along with two local competitors is a sponsor and stockholder in a local Small Business Investment Company. This facility will likewise be actively promoted in all offices of the Resulting Bank and will therefore benefit more local businesses in need of equity financing.

The automation equipment of each participant permits the processing of a large number of transactions and services for their customers. By combining these facilities more efficient use can be made of such equipment and a greater



volume of customer transactions will be able to be processed, and new services developed.

It has recently been made possible for correspondents to purchase participations in Charter Bank loans to finance companies as a means of employing temporarily idle funds. This facility will be made available to all correspondents of the Resulting Bank.

The Philadelphia International Investment Corporation (an Edge Act subsidiary) of the Charter Bank has not limited its activities to Charter Bank customers. However, the closer relationship with the Merging Bank's customers will provide a broader base for the encouragement of the development of private enterprise in foreign countries. This is the only Edge Act company in Pennsylvania, and one of six in the nation; four of which are located in New York City, and one in Boston.

As a result of the merger, the activity in handling sales and purchases of commercial paper for customers and correspondents will be substantially increased. A department will be established to handle purchases and sales of paper directly instead of going through Commercial Paper Brokers.

[fol. 5788] Discuss the past record of the applying banks with respect to their growth, awareness of their responsibilities to their communities, and alertness to provide needed service.

### Growth

The growth record of the Charter Bank and the Merging Bank for the ten-year period from December 31, 1949 to December 31, 1959 is shown on the attached table entitled Growth Record. It indicates in dollars and in percent the extent to which this growth has resulted from either mergers or from management's operating results.

For comparative purposes, there is also shown below the percentage growth results of deposits and loans of various groups of banks for the same ten-year period.

	Deposits	Loans
Charter Bank (a) .....	15 15%	203 84%
Merging Bank (a) .....	8 42	141 57
Combined Bank (a) .....	12 31%	173 23%
Commercial Banks in Philadelphia (b) .....	23 38%	158 65%
Member Banks in Third Federal Reserve District (c) .....	40 69%	171 18%
All Active Banks in United States and Possessions (d) .....	54 62%	173 76%

(a) Excludes deposits and loans acquired by merger, as of the date of merger—

Charter Bank—deposits \$172,968M; loans \$41,354M

Merging Bank—deposits \$124,165M; loans \$45,526M

(b) Excludes deposits and loans acquired by merger of banks in other counties, as of the last published dates—

Commercial Banks in Philadelphia—deposits \$353,256M; loans \$120,300M

[fol. 5789] (c) Member Banks in Third Federal Reserve District—information from publications of the Board of Governors of the Federal Reserve System—Member Bank Call Reports #114 for 12/31/49 and #154 for 12/31/59.

(d) All Active Banks in United States and Possessions—information from the 97th Annual Report of the Comptroller of the Currency.

From the foregoing it can be seen that neither participant has experienced the overall growth in deposits during the past decade which their competitors in Philadelphia, the Third Federal Reserve District or the nation have achieved. An important factor in this record is that large corporate customers continue to find it necessary to maintain deposits in other financial centers.

Despite the relatively smaller growth in deposits, each participant has, none the less, expanded its loan portfolio in an effort to meet the needs of the communities.

Further examination of the attached table, previously referred to, shows that the gross earnings have increased 133.58% even though the Combined Bank's total assets have increased but 16.31%. The increased credit demand together with rising interest rates have been the major factors accountable for the increase in gross earnings.

Expenses have been held in good control despite rising costs of all types including interest paid, as well as increased salaries and employee benefits for the staff of the banks merged. The fact of good control is illustrated by an increase in Net Operating Earnings Before Tax of 139.12% compared to the net rise of 133.58% in gross earnings.

The Net Operating Earnings after applicable taxes increased 67.36%. The relative increase in applicable taxes was caused principally by the increase in the Federal Income Tax rate of 14% from 38% to 52% together with the

liquidation of tax-free securities to meet credit demands and maintain desired liquidity.

[fol. 5790] Growth in Capital and Reserve accounts has continued, and the maintenance of conservative accounting and dividend policies should assure further capital increases. However, the Reserve for Bad Debts is at the present permissible ceiling for each bank and therefore there will be little growth in this Reserve unless loans continue to rise or unless the U. S. Treasury formula is revised under which additions to the Reserve are calculated. The security and other reserves will depend upon future operations.

### Awareness of Responsibility to Their Communities

Both participants have consistently displayed an awareness of their community responsibilities. In this connection the expansion of loan portfolios has already been mentioned, and this, of course, is strong evidence of meeting community responsibilities. Additionally, the Charter Bank has recently taken a leading role in organizing and investing in a privately owned and privately financed Small Business Investment Company.

They take major participations in loans to finance public organizations devoted to civic betterment or city redevelopment, such as Philadelphia's Food Distribution Center and the Philadelphia Industrial Development Corporation.

They assist the Commonwealth of Pennsylvania, the City of Philadelphia, and various local municipalities with their financing plans, advise public officials on the best means for the temporary investment of surplus public funds; and the Charter Bank makes markets for local municipal securities. Both banks take substantial positions in helping to underwrite new U. S. Treasury issues.

As part of their educational programs, they hold top-level economic forums for their customers and their officers and financially assist their staff with advanced education through evening schools, banking schools, and the AMA. They also help in locating and training future officers for correspondent banks.

They provide their customers with new ideas on products, processes, etc., and develop for them opportunities for diversification and growth through the purchase of new businesses.

As a matter of stated policy, both banks make their senior officers available for major positions in civic, charitable [fol. 5791] and professional organizations such as the following, and also encourage participation at lower levels throughout their organizations:

United Fund, local Community Chests, hospitals, educational institutions.

Greater Philadelphia Movement, Citizens' Council on City Planning, various Authorities for Redevelopment, Parking, or Housing, Chamber of Commerce, and all local regional and national Banking Associations.

Both banks contribute liberally to the United Fund and other charities.

#### Alertness to Provide Needed Services

The history of the applicant banks is one of banking innovations.

In commercial banking, they are providing account reconciliation service, lock boxes, and other types of services devised in recent years for the accommodation of large corporate customers.

The foreign departments of both banks are actively participating in joint commercial financing with the Export-Import Bank. In view of the growth of foreign trade nationally, and particularly at the local level, both banks have recognized the necessity of keeping well informed on world affairs. In this connection, they have expanded their foreign travelling programs and have reported their findings abroad both to their own officers and customers. Further, the Charter Bank has recently organized a subsidiary, Philadelphia International Investment Corporation under the "Edge Act" for making direct investments abroad.

Recognizing the importance of promoting thrift in the community, both banks have actively solicited savings accounts. The activities of the Merging Bank in this field date back to the 1930's. Additionally, special checking accounts have been made available to encourage the inexpensive and safe payment of funds by all members of the community. This service was first offered by the Merging Bank in 1938. The Merging Bank was the first in the Philadelphia area to offer unsecured personal loans repayable in monthly in-

installments, and today each has a fully staffed Time Credit Department with a steadily increasing portfolio.

[fol. 5792] In 1953, the Merging Bank was one of the national leaders in introducing a "bank credit card" service to accommodate small business concerns and their customers. Shortly thereafter there was developed and offered an "executive loan" service which provides responsible credit-worthy borrowers with fast and direct loan service.

When the new concept of a revolving or standby credit for individuals was developed each participant was quick to offer it to the community.

In its Consumer Credit function, each bank in addition to providing financing plans for almost all types of consumer goods, including mobile and prefabricated homes, has offered a plan for financing tuition costs. They are co-operating with 72 schools and colleges to enable parents to pay these bills in full at the start of each academic year, and then pay the loan in monthly instalments. Agreements generally cover the entire period to completion and appropriate life insurance is carried to assure schooling finances in case of death of the borrower.

The Resulting Bank has provided branch locations and will offer complete banking service throughout its systems.

Since 1949 the participating banks, together with banks previously merged, established 28 de novo offices (7 by Girard Corn, 2 by Ambler National, 2 by National of Narberth, 10 by Upper Darby National, 5 by Philadelphia National, 2 by Delaware Valley Bank and Trust Company, Bristol) and at this date have obtained approval for the establishment of three additional offices. The Main Office of the Charter Bank was moved to modern and larger quarters and five existing branches have been completely rebuilt and four more entire rebuilding projects are in progress. Substantial renovations and modernization was made in both the Charter Bank's and the Merging Bank's head offices and office buildings. Furthermore, the physical facilities of all offices have been modernized in keeping with present day demands for banking services. Most offices have been air-conditioned, and with few exceptions, adequate parking and/or drive-in facilities have been provided.

During the 1920's the Merging Bank organized one of the first Estate Planning Departments in the country. This



became a model for many banks throughout the nation. It introduced and developed an Investment Advisory Service and created the first common or diversified trust fund in Pennsylvania.

[fol. 5793] The Merging Bank has developed a service known as the Family Business Group which even today makes it one of the few banks in the country specializing in estate and trust service for owners of close corporations and other family businesses.

The Pension and Profit Sharing Division of the Merging Bank was the first in the City, and the Diversified Pension Fund, introduced in 1954, was one of the first in the nation. The Charter Bank is also active in providing pension and profit sharing services through its Trust Department.

The Profit Sharing Trust for employees, started in 1945, became a model for many banks and industrial concerns.

Specialized service for Correspondent Banks has been expanded in many ways by each participant, and the advent of expensive automation equipment makes it likely that a greater volume of such services will be performed for correspondents in the future.

In operations both banks continuously installed the most modern equipment to effect economies and to produce better records and faster service.

Punch card equipment has been utilized for many years and both banks are in the process of ordering the newest of electronic equipment, keeping pace with modern developments in order to provide the best service available.

Many systems have been improved or introduced to provide Management with the latest as well as better and more complete information. Such systems have been of great assistance in making proper decisions.

The philosophy of both banks has been and will continue to be dominated by recognition of their responsibility to meet fully the banking needs of the communities they serve. This responsibility requires that each not only keep abreast of public needs, but, in many cases, anticipate them by leading the way with new innovations and services.

Growth Record  
(Dollars in Thousands)

2498

	Deposits	Loans	Total Assets	Capital Accounts	Reserve Accounts	Gross Earnings	Net Earnings Before Tax	Net Operating Earnings
12/31/49								
Girard-Corn.....	\$ 215,939	\$ 69,343	\$ 237,125	\$ 18,707	\$ 3,204	\$ 7,305	\$ 2,499	\$ 1,781
PNB.....	277,471	72,188	301,404	19,002	1,734	6,245	1,824	1,192
Total.....	493,410	141,531	538,529	37,709	4,938	13,550	4,323	2,973
PNB.....	674,513	146,406	743,289	61,071	10,382	12,088	6,435	4,928
Combined.....	\$1,167,923	\$287,937	\$1,281,818	\$ 98,780	\$ 15,320	\$ 25,638	\$ 10,758	\$ 7,901
12/31/59								
Girard-Corn.....	\$ 659,135	\$387,427	\$ 753,044	\$ 72,517	\$ 9,392	\$ 35,006	\$ 13,835	\$ 7,145
PNB.....	949,069	486,188	1,064,836	91,560	21,923	34,923	15,280	8,311
Combined.....	\$1,608,804	\$873,615	\$1,817,880	\$164,077	\$ 31,315	\$ 69,929	\$ 29,115	\$ 15,456
Increase during the ten year period								
12/31/49 to 12/31/59								
Amount:								
Gross Increase								
Girard-Corn.....	\$165,725	\$245,896	\$214,515	\$ 34,808	\$ 4,454	\$ 21,456	\$ 9,512	\$ 4,172
PNB.....	275,156	339,782	321,547	30,489	11,541	22,835	8,845	3,383
Combined.....	\$440,881	\$585,678	\$536,062	\$ 65,297	\$ 15,995	\$ 44,291	\$ 18,357	\$ 7,555
Increase by Merged Banks								
Girard-Corn.....	\$-124,165	\$-45,526	\$-137,193	\$-11,448	\$- 1,165	\$- 4,833	\$- 1,577	\$- 1,042
PNB.....	-172,968	-41,354	-189,840	-15,878	- 724	- 5,212	- 1,814	- 1,191
Combined.....	\$-297,133	\$-86,880	\$-327,033	\$-27,326	\$- 1,889	\$-10,045	\$- 3,391	\$- 2,233

Increase—Net Proceeds  
Sale of Stock—Girard-Corn

\$ - 4,746

Net Increase

Girard-Corn.....	\$ 41,560	\$200,370	\$ 77,322	\$ 18,614	\$ 3,289	\$ 16,623	\$ 7,935	\$ 3,130
PNB.....	102,188	298,428	131,707	14,611	10,817	17,623	7,031	2,192
Combined.....	<u>\$143,748</u>	<u>\$498,798</u>	<u>\$209,029</u>	<u>\$ 33,225</u>	<u>\$ 14,106</u>	<u>\$ 34,246</u>	<u>\$ 14,966</u>	<u>\$ 5,322</u>

[fol. 5795]

Percentage:

Gross Increase

Girard-Corn.....	33.59%	173.74%	39.83%	92.31%	90.20%	158.35%	220.03%	140.33%
PNB.....	40.79	232.08	43.26	49.92	111.16	188.91	137.45	68.65
Combined.....	<u>37.75%</u>	<u>203.40%</u>	<u>41.82%</u>	<u>66.10%</u>	<u>104.41%</u>	<u>172.76%</u>	<u>170.64%</u>	<u>95.62%</u>

Increase by Merged Banks

Girard-Corn.....	-25.17%	-32.17%	-25.48%	-30.36%	-23.59%	-35.67%	-36.48%	-35.05%
PNB.....	-25.64	-28.24	-25.54	-26.00	-6.97	-43.12	-28.19	-24.17
Combined.....	<u>-25.44%</u>	<u>-30.17%</u>	<u>-25.51%</u>	<u>-27.66%</u>	<u>-12.33%</u>	<u>-39.18%</u>	<u>-31.52%</u>	<u>-28.26%</u>

Increase—Net Proceeds

Sale of Stock—Girard-Corn

Net Increase

Girard-Corn.....	8.42%	141.57%	14.35%	49.36%	66.61%	122.08%	183.55%	105.28%
PNB.....	15.15	203.84	-17.72	23.92	104.19	145.79	109.26	44.48
Combined.....	<u>12.31%</u>	<u>173.23%</u>	<u>16.31%</u>	<u>33.63%</u>	<u>92.08%</u>	<u>133.58%</u>	<u>139.12%</u>	<u>67.36%</u>

[fol. 5796] Other supporting information relative to the factor of convenience and needs of the communities served by the participating banks and to be served by the Resulting Bank is as follows:

None.

[fol. 5797] (6) Consistency of Corporate Powers of the Applying Banks with the Purposes of the Federal Deposit

#### Insurance Act

(The corporate powers of all banks that would be required to file this application with the Comptroller of the Currency are consistent with the purposes of the Federal Deposit Insurance Act.)

The Corporate powers of the participating banks are consistent with the purposes of the Federal Deposit Insurance Act.

[fol. 5798] (7) Effect of Proposed Transaction on Competition

(Including any tendency toward monopoly)

Furnish herewith as part of this application the following exhibits:

Exhibit A—Schedules showing the total "IPC" deposits, both demand and time, and total loans and discounts of:

1. Charter Bank, Merging or Consolidating Bank, and each other commercial bank competing within the service area or areas of the Charter Bank;
2. Merging or Consolidating Bank, Charter Bank, and each other commercial bank competing within the service area or areas of the Merging or Consolidating Bank;
3. Resulting Bank and each other commercial bank competing within the service area or areas of the Resulting Bank;

and showing for each service area the percentages of "IPC" deposits and loans and discounts of each bank in relation to the aggregates for that particular service area.

[fol. 5798]

## EXHIBIT—A

	Estimated "IPC" Deposits		Loans	
(1)				
Charter Bank.....	\$ 483,581,000	10 58	\$ 344,056,000	11 81
Merging Bank and All Other Banks....	4,089,277,000	89 42	2,569,594,000	88 19
Total.....	\$4,572,858,000	100 00	\$2,913,650,000	100 00
(2)				
Merging Bank.....	\$ 478,200,000	13 19	\$ 177,400,000	7 62
Charter Bank and All Other Banks....	3,146,328,000	86 81	2,151,048,000	92 38
Total.....	\$3,624,528,000	100 00	\$2,328,448,000	100 00
(3)				
Resulting Bank.....	\$ 961,781,000	21 03	\$ 521,456,000	17 90
All Other Banks.....	3,611,077,000	78 97	2,392,194,000	82 10
Total.....	\$4,572,858,000	100 00	\$2,913,650,000	100 00

See pages 43 to 71 for detailed figures.

## EXHIBIT—B

[fol. 5799] Comment on the extent and intensity of competition in the service areas of the Charter Bank and Merging or Consolidating Bank provided by (a) mutual savings banks, (b) savings and loan associations, (c) industrial banks, and furnish a schedule showing the total withdrawable balances and total loans of each such institution operating an office or offices within the respective service areas.

The Charter Bank and the Merging Bank face intense competition in Philadelphia and the three adjacent counties, in which they have branch offices, from 4 large mutual savings banks, and from 421 Federal and State chartered Savings, Building and Loan Associations. Because this is the area of greatest competition, the tables below deal with it rather than with the full service area of the constituent banks. Further, there are no industrial banks within the area covered by the tables, and consequently such institutions are not considered under this Exhibit B.

Competition is provided by the Mutuals and the Savings and Loan Associations to a limited extent in the field of mortgages, and to a highly significant extent in the field of Time or Savings Deposits. The importance of this competition is shown by the record since December 31, 1950, which indicates that it is in the area of time or savings



deposits that the commercial banks must look primarily for deposit increases in the years ahead.

The existence of a large number of Mutuals and Savings and Loan Associations, some of them with multiple offices, means that individuals have a wide variety of choices open to them if they are seeking mortgage money, or if they are looking for a convenient place to lodge their savings dollars.

Figures on the various institutions as of December 31, 1959, are given on the tables attached to this Exhibit B, and are summarized as follows:

[fol. 5790]

	Number of		IPC Savings		Mortgages	
	Institu- tions	Offices	No. of Accts.	Dollars (Millions)	No. of Accts.	Dollars (Millions)
Charter Bank	1	26	87,557	97.7	3,889	\$ 62.8
Merging Bank	1	38	117,640	114.0	2,198	19.4
Combined	1	64	205,197	\$ 211.7	6,067	\$ 82.2
Competing Mutual Savings Bank and Savings and Loan Associations						
Mutual Savings Banks						
Beneficial Mutual Svgs.	1	8	165,578	\$ 212.6	N.A.	\$ 115.3(a)
Phila. Saving Fund Society	1	18	856,699	1,058.4	N.A.	540.4(a)
Svg. Fund Society of Germantown	1	10	92,933	145.1	N.A.	73.9(a)
Western Saving Fund Society	1	16	300,585	381.2	N.A.	181.1(a)
Total	4	52	1,415,795	\$1,800.3		\$ 870.7(a)
Savings, Building and Loan Associations in 4-County Area						
Bucks	21	21	37,025	\$ 62.9	9,675	\$ 63.8
Delaware	33	33	89,535	116.2	17,462	117.6
Montgomery	44	44	112,766	176.6	25,111	181.9
Philadelphia	323	331	551,683	940.2	177,645	927.8
Total	421	429	791,009	\$1,257.9	229,906	\$1,291.1
Total Mutuals and Savings and Loans						
Charter Bank and Merging Bank Combined as of Mutuals & S & Ls	425	481	2,206,804	\$3,058.2	N.A.	\$2,161.8
		13.1%	9.3%	6.9%		3.8%

If the entire service area of the Resulting Bank were used, rather than just the 4-county area, the percentages quoted above would be somewhat smaller. The percentages would be even further reduced if the savings of other competing commercial banks and trust companies were considered.

(a) Includes other loans as well as mortgage loans.

[fol. 5801] The extent of competition provided by the Mutuals and Savings, Building and Loan Associations is further shown by their comparative growth trends since December 31, 1960:

IPC Savings Deposits—Millions				
	Charter Bank (b)	Merging Bank (b)	Mutuals	Savings and Bldg. and Loan Assns.
12/31/50 .....	\$ 52.9	\$ 81.2	\$ 966.3	\$ 432.0
51 .....	53.2	81.7	1,022.3	476.5
52 .....	56.5	83.6	1,098.2	546.0
53 .....	59.3	83.1	1,162.8	629.9
54 .....	84.2	89.0	1,238.2	736.9
55 .....	68.4	86.7	1,347.9	842.3
56 .....	67.3	87.3	1,453.5	943.7
57 .....	73.6	90.4	1,557.7	1,023.9
58 .....	103.6	111.7	1,701.0	1,144.2
59 .....	97.7	114.0	1,800.3	1,257.9
% of increase 1959 over 1950 .....	84.7%	39.1%	86.2%	191.2%

(b) Includes IPC Savings deposits of merged banks, prior to merger.

[fol. 5802]

## Growth Trends Savings, Building and Loan Associations in 4-County Area

	Savings		Mortgages	
	No. of Accounts	Dollars (Millions)	No. of Accounts	Dollars (Millions)
1950—Bucks	N.A.	\$ 15.9	N.A.	\$ 17.0
Delaware	N.A.	46.4	N.A.	50.5
Montgomery	N.A.	50.7	N.A.	50.5
Philadelphia	N.A.	319.3	N.A.	321.5
Total	N.A.	\$ 432.0	N.A.	\$ 439.5
1955—Bucks	21,111	\$ 36.4	7,810	\$ 37.3
Delaware	64,544	84.3	14,486	85.8
Montgomery	72,785	107.3	18,795	107.0
Philadelphia	415,703	614.3	150,540	624.8
Total	574,143	\$ 842.3	191,631	\$ 854.9
1956—Bucks	26,118	\$ 42.7	8,313	\$ 43.8
Delaware	70,075	92.9	15,392	94.9
Montgomery	80,770	123.9	20,506	123.4
Philadelphia	446,913	684.2	157,435	694.5
Total	623,876	\$ 943.7	201,646	\$ 956.6
1957—Bucks	30,142	\$ 48.5	8,773	\$ 51.8
Delaware	76,060	100.1	16,621	104.8
Montgomery	92,939	137.3	22,187	146.4
Philadelphia	490,410	738.0	164,011	750.9
Total	689,551	\$1,023.9	211,592	\$1,053.9
1958—Bucks	32,774	\$ 54.5	8,931	\$ 54.2
Delaware	79,515	107.2	16,263	102.6
Montgomery	101,295	157.8	23,154	157.5
Philadelphia	522,425	824.7	176,368	826.8
Total	736,009	\$1,144.2	224,716	\$1,141.1
1959—Bucks	37,025	\$ 62.9	9,675	\$ 63.8
Delaware	89,535	118.2	17,462	117.6
Montgomery	112,766	176.6	25,144	181.9
Philadelphia	551,683	900.2	177,685	927.8
Total	791,009	\$1,257.9	229,966	\$1,291.1

Source: Statistical summary on Savings, Building and Loan Associations by Counties. Published by Penna. Savings and Loan League, Harrisburg, Pa., 1960.

[fol. 5803]. Comment on the extent and intensity of competition in the service areas of the Charter Bank and Merging or Consolidating Bank provided by (a) insurance companies, (b) credit unions, (c) sales finance companies, (d) personal loan companies, (e) factors, (f) direct lending agencies of government, and (g) financial institutions located in financial centers outside such service areas.

#### EXHIBIT—C

Comments on the extent and intensity of competition provided by:

##### A. Insurance Companies

There are 416 insurance companies with offices in Philadelphia. More importantly, several very large companies such as Insurance Company of North America, The Penn Mutual Life Insurance Company and Provident Mutual Life Insurance Company have their home offices in the city. It is difficult to measure the competition that these institutions provide for commercial banks. In general they may be viewed as alternative sources of funds for corporate borrowings. This is particularly true of large loans by large corporations, which Philadelphia insurance companies, by virtue of their size, are able to provide. However, it is probable that actual competition by insurance companies is not significant. Long-term borrowings have tended to gravitate toward the insurance companies while commercial banks are more active in the field of short-term loans.

##### B. Credit Unions

There are 270 credit unions, both national-chartered and state-chartered, with a total membership of 200,000 in the Philadelphia area (excluding New Jersey and Delaware where figures are not available). There are no statistics on the dollar amount of savings invested in or loans granted by these institutions. In the loan and savings fields credit unions compete with commercial banks. Probably the severity of this competition is not great. It



is restricted to the needs of individuals with respect to savings and loans. Nevertheless, credit unions are a potential source of competition; the credit union yearbook has reported that while commercial banks throughout the country increased their assets 235% from 1940 through 1959, credit unions increased their assets 1533% during the same period.

[fol. 5804] C. Sales Finance Companies

In October, 1959 there were approximately 100 motor vehicle sales finance companies authorized to engage in business in the four Pennsylvania counties included within the resulting bank's service area. Equivalent statistics are not available for New Jersey or Delaware. The Pennsylvania figures do not include all sales finance companies, only those licensed under the state Motor Vehicle Sales Finance Act, although motor vehicle financing undoubtedly comprises the bulk of all sales financing business.

There are no published statistics on the dollar amount of sales financing business done by finance companies (motor vehicle or otherwise) as compared with the amount of such business done by commercial banks. If we assume that of the 52,634 new vehicle registrations in Philadelphia County alone in 1959, 65% were financed at an average amount of \$2500, the total dollar amount of financing in that year in that county alone would exceed \$85,000,000. On the same basis there would have been over \$69,000,000 of new vehicle financing in 1959 in Delaware and Montgomery counties. It is believed that the major share of this business is probably handled by motor vehicle sales finance companies. Accordingly, the competition they furnish commercial banks in this field is active and substantial.

D. Personal Loan Companies

At the end of 1959 there were 313 licensed small loan companies and consumer discount companies.

in the four counties of Pennsylvania included in the service area of the resulting bank. Similar information is not available for New Jersey and Delaware. All such companies in Pennsylvania had loans outstanding at the end of 1958 in the aggregate of \$348,300,000, and it is estimated that the 313 licensees in the service area were responsible for about \$87,100,000 of this total. Since the personal loan business of these companies is largely centered in the area in which each is located, and since the business they do is also done by commercial banks, the personal loan companies give active and important competition in the field of small loans to individuals.

#### [fol. 5805] E. Factors

There are at least a dozen factoring companies with main offices in the service area. While no statistics are published it is believed that their outstanding loans aggregate from \$12,000,000 to \$15,000,000. However, because of the nature of the risks their business does not compete significantly with the credit business of commercial banks.

#### F. Direct Lending Agencies of Government

The most active governmental agency is the Small Business Administration which is said to have in excess of \$7,800,000 in loans outstanding to companies in the service area. The S.B.A., which has been operating for seven years, is rapidly increasing in significance as a credit enterprise with the recent spurt in the creation of Small Business Investment Companies licensed by the S.B.A. With the advent of significant tax advantages for S.B.I.C. investors, and the recent liberalization of restrictions on S.B.I.C. activity, the entire small business program of the government can be expected to grow in importance. However, the S.B.A. is not a significant competitor of commercial banks since it normally grants a loan only after the banks have declined to do so.

The activities of the Federal Home Housing Agency

are not competitive with commercial banks. The agency's principal function is to extend very long-term loans at unusually low interest rates to schools, colleges and the like.

It can be said in general about the types of institutions described in the above paragraphs that, in contrast to those covered by Exhibit B, the intensity of competition with commercial banks fluctuates widely and is generally relatively unimportant.

#### **G. Financial Institutions Located Outside the Service Area.**

The nature and extent of competition from commercial banks in New York, Pittsburgh and other cities has been discussed above under the "Basic Reasons" for the merger and is treated further in Exhibit K below. Philadelphia's size, the rate of [fol. 5806] its growth and its position as one of the largest industrial complexes in the world make it abundantly clear that its credit needs are enormous and are not being met adequately by its banks. Its industries are of the type that can and do look to other cities for a substantial part of their major financing needs. The large banks of those cities, notably New York, vigorously compete in this service area and successfully divert a significant part of the banking business of the area.

[fol. 5807]

#### **EXHIBIT—D**

**Comment on the extent to which the Charter Bank and Merging or Consolidating Bank have deposit accounts and loan accounts of the same individuals, partnerships, and corporations, and estimate as closely as possible the aggregate number and dollar amount of such accounts in each bank.**

##### **Mutual Accounts**

##### **Checking, Time, and Savings**

**Accounts in which the depositor maintains at least \$10,000 balance in either one of the merging banks and also carries a balance with the other:**

Number of Mutual Checking Accounts .....	392
Balances carried in The Philadelphia National Bank .....	\$163,820,700
Balances carried in Girard Trust Corn Exchange Bank .....	101,782,700

Of the foregoing, 35 accounts, with balances of \$57,631M in The Philadelphia National Bank and \$36,309M in Girard Trust Corn Exchange Bank, are controlled from within the service area but are sufficiently large and diversified to require or desire banking service from outside the service area of the Resulting Bank, if their needs are not satisfactorily met within. Additionally, 84 of the accounts, with balances of \$44,149M in The Philadelphia National Bank and \$24,173M in Girard Trust Corn Exchange Bank, are controlled from outside the service areas of the participating and Resulting Banks, and consequently have a wide choice of major banking connections.

Number of Mutual Time Accounts .....	8
Balances carried in The Philadelphia National Bank .....	\$1,149,400
Balances carried in Girard Trust Corn Exchange Bank .....	3,094,000

Number of Mutual Savings Accounts .....	36
Balances carried in The Philadelphia National Bank .....	736,400
Balances carried in Girard Trust Corn Exchange Bank .....	589,500

To obtain this same information on accounts with balances of less than \$10,000 would have required examining more than 500,000 separate accounts. Aggregate deposit balances from these accounts is relatively small compared with the aggregate from the \$10,000 and over category.

[fol. 5808]

#### Loan Accounts

Number of Mutual Loan Accounts .....	67
Loans outstanding at The Philadelphia National Bank .....	\$48,949,000
Loans outstanding at Girard Trust Corn Exchange Bank .....	43,599,000

Of the foregoing, 6 of the accounts, with loans of \$9,714M at The Philadelphia National Bank and \$7,531M at Girard Trust Corn Exchange Bank, are controlled from within the service area but are sufficiently large and diversified to require or desire banking service from outside the service area of the Resulting Bank, if their needs are not satisfactorily met within. Additionally, 16 of the accounts, with loans of \$14,693M at The Philadelphia National Bank and \$17,867M at Girard Trust Corn Exchange Bank, are controlled from outside the service areas of the participating

and Resulting Banks, and consequently have a wide choice of major banking connections.

[fol. 5809]

EXHIBIT—E

Comment on the extent to which each of the applying banks has deposits and loans originating in the other's service area.

As shown by the map which accompanies this application, the service areas of The Philadelphia National Bank and Girard Trust Corn Exchange Bank overlap to a considerable extent *when the service areas are considered in terms of their outer perimeters*. It would appear to follow, therefore, that each has a sizable portion of deposits and loans originating in the other's service area.

When, however, one looks within the outer perimeter of the service areas of the respective banks, it is noted that there is a remarkable geographic distribution of branch locations. This fact is set forth clearly by the map. In Bucks County, The Philadelphia National Bank has five branches, while Girard Trust Corn Exchange Bank has none. In Montgomery County, the branches of Philadelphia National and Girard are five miles or more distant from each other except for the Ardmore Office of Philadelphia National and the Narberth and Wynnewood Offices of Girard which are one or two miles from each other. In Delaware County, where Girard has twelve offices and Philadelphia National has five (including the one approved but not yet opened in Ridley Township), it is noteworthy that in only one instance do the two banks have branches located in the same immediate vicinity, namely, Upper Darby. As mentioned previously in this application, the Upper Darby Office of Philadelphia National will be closed. Elsewhere in Delaware County, the closest proximity of one bank to the other is about two miles, and even this distance is found only between the Clifton Heights Office of Girard and the Ridley Township Office of Philadelphia National. All other Delaware County Offices of the participating banks are five miles or more from each other.

In Philadelphia, as in the three contiguous counties, the branch offices of the two banks are well distributed. In only one case do they have branches within two blocks of each other, namely, the Penn Center Office of Philadelphia National and the Suburban Station Office of Girard, and



this is in the center city district where many banking offices are located. Outside the center city district, the branches of the two banks are largely found in different neighborhoods and they complement each other nicely.

In view of the wide geographic distribution of the branches, it follows that their service areas do not overlap to any significant extent, for the service area of a neighborhood branch typically lies in the near vicinity of the office. [fol. 5810] Thus, taking branch by branch, the applying banks do not have a major portion of loans and deposits originating in the other's service area.

The service areas of the Head Offices of the participating banks do overlap and consequently each would have a considerable number of deposits and loans originating in the other's service area. In many instances, however, the substantial depositors and borrowers within the Head Office service areas of both banks are large corporations whose scope of operations is regional and, in some cases, particularly for the Charter Bank, is national. Such companies often use banking facilities in more than one city and have more than one banking connection in a single city. Therefore, both participating banks are competing with other commercial banks in Philadelphia and in other cities, including New York City, for the business of these national and regional corporations, even though they may be located within the Head Office service areas of both participating banks.

[fol. 5811]

#### EXHIBIT—F

Schedule showing the number and total dollar amount of loans originated during the preceding calendar year by (a) Charter Bank, and (b) Merging or Consolidating Bank, which were placed or shared with each other or with any other bank or banks, indicating the total dollar amount of such loans retained by the originating bank and comment on the reasons why such placements were made.

#### Charter Bank

\$80,980,000—total amount of loans originated between 1/1/59 and 12/31/59 in which participations were given (there were 115 such loans).

34,632,000—amount of participations issued to others between 1/1/59 and 12/31/59 (number of participations issued—184).

46,348,000—amount of participated loans retained by Charter Bank.

When the legal limit of a correspondent is too small to meet the needs of its customers, the Charter Bank frequently makes the entire loan and issues a participation to the correspondent. Additionally, the loanable funds of correspondents not needed to meet the credit needs of their local communities are often invested in Charter Bank loans. Such investments are evidenced by participation certificates issued by the Charter Bank.

#### Merging Bank

There were no instances during 1959 in which, as to commercial loans, participations in the true sense were sold to any other bank or banks. The qualification is made because, although the Merging Bank has acted as agent bank in certain transactions, the other participants were also depositories of the borrower and each bank's share of the credit was pre-arranged.

With regard to collateral loans (brokers' and other loans secured by marketable collateral or cash surrender value of life insurance), participations outstanding to other banks in 1959 ranged from \$3.7 million to \$8.5 million and averaged \$6.1 million. It would be difficult to fix the exact number of instances in which the Merging Bank requested another bank to take a participation as contrasted with those cases where the correspondents *asked* for the loans. Perhaps a 50-50 division would be a reasonable assumption. As of 8/31/60 sales of participations in collateral loans made by Girard Corn totaled \$8,830,000.

The above information on participations does not reflect the frequent instances where corporations make direct arrangements with several banks when their credit requirements are in excess of the lending limit of either of the participating banks.

[fol. 5812]

#### EXHIBIT—G

Schedule showing interest rates and service charges on loans and deposits of each of the participating banks and

the proposed interest rates and service charges proposed for the Resulting Bank in relation to such rates and charges of other competing commercial banks and financial institutions.

	Service Charges		Proposed for Resulting Bank
	Charter Bank	Merging Bank	
Special Checking			
Checks drawn	\$ .10 when posted	\$ .08) Sell 10) Checks	No change
Remarks: Present separate systems will be continued.			
Maintenance	25 per month	50 per month	50
Returns—NSF or uncollected funds	2 00	2 00	2 00
Stop payments	50	2 00	2 00
Certified checks	25	75	75
Official checks	35	75	75
Register checks	20	20	20
Dep. items returned	10	30	25
Additional statements	25	1 00	1 00

#### Company and Personal

Balances 0—\$299

1 00

1 00

Remarks: 5 free items—\$.05 for each additional item (cash and checks deposited, deposit tickets and checks drawn). No earnings credit and no float—high and low divided by 2 for average balance.

Balances \$300—\$499

1 00

1 00

Remarks: 10 free items—\$.05 for each additional item then follow procedure as above.

[fol. 5813]

#### Personal Over \$500 Analysis

Maintenance	\$ .75	\$ .75	\$ .75
Checks deposited	.03 first 2M items .015 over 2M items	.05 .03 Bal. \$2,500 and over	.05
Checks drawn	.06	.05	.05
Deposit tickets	.10	.05	.10
Earnings Credit			
First 100M	1.50 per M	1.50 per M	1.50 per M
Over 100M	1.75 per M	1.50 per M	1.75 per M

Remarks: High and Low balance divided by 2 for average balance.

Float	none	2 days	none
Company Over \$500 Analysis			
Maintenance	\$ .75	\$ .75	\$ .75
Checks deposited			
First 2M	.03	.05	.03
Over 2M	.015	.05 .03 Bal. over \$2,500	.015
Checks drawn—under 1M	.06	.05	.06
Checks drawn—large volume	.03	.05	.03
Deposit tickets	.10	.05	.10
Earnings credit			
First 100M	1.50 per M	1.50 per M	1.50 per M

## Charter Bank

## Merging Bank

Proposed for  
Resulting Bank

Remarks: Average collected balance—float 1½ days.

Earnings Credit			
Over 100M	1.75 per M	1.50 per M	1.75 per M

[fol. 5814]

## Other Analysis Charges

Non-sufficient funds	\$2.00	\$2.00	\$3.00
Uncollected funds	2.00	2.00	3.00
Post dated	2.00	2.00	3.00
Overdrafts	1.00	2.00	3.00
Deposited checks ret'd	.10	.30	.25
Certified checks	.25	.75	.75
Official checks	.35	.75	.75
Register checks	.20	.20	.20
Stop Payments	.50	2.00	2.00
Collections—Regular	1.00	1.00	1.00
Collections—L of C	1.50		1.50
Collections—Sec. Dfts.	2.00	1.75	2.00
Bulk currency deposited			3.00 per hour or 5¢ per minute— 50¢ min.
Rolled Coin	.015 per roll	.02 per roll	.02 per roll
Payrolls	.15 per 100 units	.3.00 per hour	3.00 per hour or 5¢ per minute— 50¢ min.
Wire transfers	.25	1.25 analysis plus 75¢ direct chg.	1.25 analysis plus direct chg. for out of pocket expense
Checks cashed	No set policy	.20	.20 plus item charge
Coupons per envelope	.15	.05	.15

[fol. 5815]

## Correspondent Banks

Maintenance	\$3.00	\$2.00	\$3.00
Checks drawn	.06	.05 and .04	.06
Checks drawn—large volume	.03	.03	.03
Checks deposited			
First 2M	.03	.015 less than 5M	.03
Over 2M	.015	.01 5M and over	.015
Cash letters	.10	.05 to .03	.10
Coupons per envelope	.15	.10	.15
Other charges			same as regular checking

## Service Charges of Competing Institutions

[fol. 5816]

## Competition—Regular Checking

	Balance	Mainten. Charge	Checks Drawn	Checks Deposited	Deposit Ticket	Earn. Cr. Per \$100
Bryn Mawr Trust Company.....	\$ 0-300 300-Up	\$1.00 Flat chg. 50	permits 10 items 05	10 items—Addl. items 03 none	items \$.05 each none	15
Jenkintown Bank & Trust Company.....	\$ 0-100 100-Up	\$1.00 Flat chg. 50	permits 10 items 04	10 items—Addl. items 04	items \$.04 each 04	20
Montgomery County Bank & Trust.....	\$ 0-Up	50	04	04	04	10
First Natl. Bank of Newtown.....	\$ 0-200 200-Up	\$1.00 Flat chg. 50	permits 10 items 05	10 items—Addl. items none	items \$.05 each none	10
Union Bank Souderton.....	\$ 0-50 50-100 100-200 200-300 300-400 400-500 500-Up	\$ 50 Flat chg. 50 Flat chg. none none none none Special analysis	permits 3 items permits 6 items permits 4 items permits 7 items permits 10 items permits 15 items	—Addl. items —Addl. items —Addl. items —Addl. items —Addl. items —Addl. items	items \$.05 each items \$.05 each items \$.05 each items \$.05 each items \$.05 each items \$.05 each	
Security Trust Pottstown.....	\$ 0-200 200-300 300-400 400-500 500-Up	\$ 50 Flat chg. none none none none	permits 4 items permits 2 items permits 5 items permits 8 items	—Addl. items —Addl. items —Addl. items —Addl. items	items \$.05 each items \$.05 each items \$.05 each items \$.05 each	10
[fol. 5817]			05	05	none	
Chalfont National Bank.....	\$ 0-50 50-100 100-200 200-Up	\$ 50 Flat chg. 50 Flat chg. 50 Flat chg. No service charge	permits 5 checks permits 8 checks permits 15 checks			
Old York Road.....	\$ 300-Up	No charge permits 20 items—additional items Less 15¢ earn. cr. on each \$100.00 of balance \$400.00 or more				



Doylestown Natl.	\$ 0-Up	\$ .50	\$ .05	none	none	\$ 10
Doylestown Trust	\$ 0-Up	\$ .50	\$ .05	none	none	\$ 10
Liberty Real Estate	\$ 0-200	\$ 1.00	Flat chg. permits 10 items—addl. items	\$ .05 each		
	200-300	\$ 1.00	Flat chg. permits 15 items—addl. items	\$ .05 each		
	300-1500	1 item for each \$50 of balance—addl. items	\$ .05 each			
	1500-Up	Special analysis				
Fidelity-Phila. Trust Company	\$ 0-100	\$ 1.00	Flat chg. permits 5 items—addl. items	\$ .05 each		
	100-200	\$ 1.00	Flat chg. permits 10 items—addl. items	\$ .05 each		
	200-300	\$ 1.00	Flat chg. permits 15 items—addl. items	\$ .05 each		
	300-1500	1 item for each \$50 of balance—addl. items	\$ .05 each			
Delaware County Natl. Bank	\$ 0-100	\$ 1.00	Flat chg. permits 5 items—addl. items	\$ .10 each		
	100-200	\$ 1.00	Flat chg. permits 10 items—addl. items	\$ .10 each		
	200-300	Balance permits 10 items—addl. items	\$ .10 each			
	300-400	Balance permits 15 items—addl. items	\$ .10 each			
	400-500	Balance permits 20 items—addl. items	\$ .10 each			
	500-Up	40	.04	.02	none	17
Broad Street Trust Company	\$ 0-100	\$ 1.00	Flat chg. permits 5 items—addl. items	\$ .05 each		
	100-200	\$ 1.00	Flat chg. permits 10 items—addl. items	\$ .05 each		
	200-300	\$ 1.00	Flat chg. permits 15 items—addl. items	\$ .05 each		
	300-Up	.60	.04	.03	.03	10
Central Penn Natl. Bank	\$ 0-100	\$ 1.00	Flat chg. permits 5 items—addl. items	\$ .05 each		
	100-Up	.50	.04	.03	.04	10
First Pennsylvania Banking & Trust Co.	\$ 0-500	\$ 1.25	.05	.03	.05	15
	500-Up	1.00	.05	.03	.05	15
Provident Tradesmens Bank & Trust.	\$ 0-300	\$ 1.00	Flat chg. permits 10 items—addl. items	\$ .05 each		
	300-500	\$ 1.00	Flat chg. permits 15 items—addl. items	\$ .05 each		
	500-5000	.50	.05	.05	none	10

[fol. 5818]

[fol. 5819]

## Interest Rates on Time Accounts and Savings Accounts

Due		Interest Rates—Charter Bank	
		1% less Reserve	1% Gross
30 Day Accounts	"0"		
90 Day Accounts	1½% Gross	2½% less Reserve	2½% Gross
180 Day Accounts			3% Gross
Time Certificates			
Philabank Certificates (Mature 3 years from date of issue)	"0"		3% Gross
Savings Accounts			3%

\*Note: Deposits on regular savings accounts received by fifth calendar day of the month are allowed interest for the full month. Interest calculated on multiples of \$1.00, where balance amounts to \$5.00 or more, on a monthly basis.  
No interest on withdrawals for the month of withdrawal. (Exception—small withdrawals made during last few days of December.)

Due

		Interest Rates—Merging Bank	
		½% less Reserve	1% less Reserve
On 30 days' notice	"0"		1%
On 90 days' notice	1½%	2%	2½% less Reserve
On 6 months or 180 days' notice			3% less Reserve
Certificates of Deposit			3%
Regular Savings Accounts	1%		3%

\*Deposits received by first business day of the month are allowed interest for the month of deposit.  
Interest calculated on multiples of \$10.00 on a monthly basis.  
No interest on withdrawals for the month of withdrawal.  
Penalty of an extra month's interest on withdrawals made without notice.

[fol. 5820]

With respect to interest rates paid on savings deposits, both participants are allowing the 3% maximum permitted by law. This rate is generally offered by other Philadelphia competitors with one notable exception which pays 1%. In suburban areas many competitors offer 3% on savings accounts but not so uniformly as do banks in Philadelphia. The rates paid by both participants on time deposits are the statutory maximums of 1%, 2½%, and 3%. Such rates are also offered by principal Philadelphia competitors. Time deposits are generally not an important factor in suburban banks, however, the rates paid would be closely related to those allowed on savings accounts.

## [fol. 5821] Interest Rates on Loans

## Charter Bank

Following is a brief outline of the maximum, minimum, and average rates received in the various lending phases.

## Time Credit

The highest return received on consumer paper outstanding is 11.58%; the lowest 8.31%, and the average 9.95%. In the Dealer phase of Time Credit, the highest rate at present is 16.62%; the lowest 7.85%, and the average 12.23%. Over-all, Time Credit gives an average gross return of 9.95%.

## Equipment Department

At present, the highest rate received is 7%, although there are certain non-accrued items with a gross return of 11.5%. The lowest rate is 3.5%, and the average for the department is 5.42%.

## Mortgage Department

Highest rate on outstandings is 6%; lowest is 4%, and the average 5.07%.

## Foreign Department

On documentary transactions the highest rate on outstandings is 6.500%, the lowest is 3.000%, and the average is 4.197%.

In addition, however, in the Foreign Department certain direct loans have been made and in these cases the present outstanding highest rate is 6.000%, the lowest rate 3.500% and the average 5.174%.

Average over-all for Foreign Department is 4.849%.

## Commercial Loans

Present outstandings show that the highest rate on any one particular loan is 9%, the lowest rate 2.9%. Over-all the rate of return on all loans and discounts in the bank for the month of September—5.45%.

[fol. 5822]

## Merging Bank

An audit was recently completed as of 9/15/60 of all collateral and commercial loans (exclusive of consumer credit department outstandings) to determine the individual amounts outstanding in all rate brackets. This audit showed that the Merging Bank was operating under 39 separate interest rate schedules in the commercial categories and with 17 on collaterals. The rates individually ranged from a high of 8% to a low of 2¼%. In addition, there are some loans on the books which for one reason or another are not being accrued as to interest. In order to clarify the picture and bring it into an understandable focus, the average rate on all commercial loans at 8/31/60 was 5.18% and on collaterals 5.26%. In view of the fact that the "prime" rate was reduced by 1½% (to 4½%) on 8/23/60, it is reasonable to expect these averages will trend downward for the remainder of this year.

In the Consumer Credit Department there are very many less individual rates but for reasons which need not be detailed here the spread is much greater. For example, in the commercial categories rates range from "prime" to \$6 per \$100 add on with an overall average figure of 6.23% at 8/31/60. On the regular consumer loans, which include both direct loans and contracts purchased from dealers, the range is from 5%/6% simple interest to \$7/\$8 per \$100 add on. Here again the average rate as of 8/31/60 on all regular consumer loans was 9.06% simple interest.

Loans maintained as a separate entity in the Foreign Department averaged \$19.8 million for the six months ended 6/30/60 and \$19.9 million for the eight months to 8/31/60. As to rates, they range from "foreign prime" (bankers' acceptance rate plus 1/8% per month commission) to a maximum of 10½% simple interest. The average rate on total outstandings of \$19.5 million at 8/31/60 was 5.28%.

## Service Charges on Loans

## Charter Bank

The policy regarding service charges on loans is exceedingly flexible in that, while the Charter Bank adopted some specific suggested charges, the lending officer is allowed considerable leeway and applies charges only when, in his

opinion, all contributing factors involving the borrower and the loan itself have been taken into consideration. In effect, service charges on loans are largely a matter of negotiation in each particular case, with the following schedules published for guidance:

[fol. 5823] 1. Accounts Receivable Loans

Policed Accounts—\$.50 per invoice  
Statement Basis Accounts—\$4.00 per month.

Auditing Charges—\$5.00 per man hour based on the actual time to conduct audit with a minimum of two audits per year. Customer is billed on a monthly basis for cost.

2. Assigned Contract Loans

\$.50 per invoice pledged.  
6.50 per contract assigned.

3. Warehouse Receipt Loans

Where a handling charge cannot be included in the rate a service charge should be levied (no specific amount is stated).

4. Discount Notes

A minimum charge of \$2.00 for each note discounted.

5. Commitment Fees

Generally speaking, commitment fees should not be less than  $\frac{1}{2}$  of 1% of the unused commitment, except where unusual circumstances warrant a lower rate or no rate at all.

Merging Bank

For the most part, the Bank collects service charges with respect to its loaning activities in only two areas: (1) commitment fees on unused portions of revolving credits where a fixed amount of funds is made available for a specific period of time, usually  $1\frac{1}{2}\%$  to  $1\frac{1}{2}\%$ , and (2) fees for the handling of some of our assigned account loans. There



is no particular uniformity in these fees since they are tailored to the work involved in each individual case. The broad range is from  $\frac{1}{8}\%$  of the amount of the invoice pledged to a flat monthly fee of \$1.25. In the eight months ended 8/31/60 the Bank collected \$54,000 of fees on loans other than in the Consumer Credit Department, and of this total over \$35,000 was commitment fees. In the Consumer Credit Department service charges normally take one of two forms: (1) reimbursement by the borrower of out-of-pocket costs, and (2) late charges. For the eight months ended 8/31/60 these aggregated \$123,000.

[fol. 5824] Comments on Proposed Interest Rates and Service Charges on Loans.

It is planned to maintain schedules of interest rates and service charges on loans within the combined institution that are similar to those of the separate institutions at the present time. Since these interest rates are governed more by economic forces and regulatory ceilings outside the control of the participant banks rather than by competitive factors within the service area, such rates will subsequently move upwards or downwards depending upon the impact of these outside forces.

The rates of interest charged on loans and the service charges imposed by each of the participants and their competitor commercial banks could best be described as flexible reflecting highly developed competition. While charges for specific services, or rates on a given category of loans may vary from bank to bank, on balance they have a tendency to equalize because of competitive factors.

[fol. 5825]

EXHIBIT—H

Comment on trust department activities of the Charter Bank and Merging or Consolidating Bank and compare the aggregate holdings, including the number of accounts, for each major type of fiduciary or agency appointment. (Indicate bases for assigning book carrying values.)

## Personal Trusts

## Number of Accounts

Market Values  
(Thousands of Dollars)

Charter Bank	Merging Bank		Charter Bank	Merging Bank
129	236	Executor and Administrator	\$ 26,700	\$ 81,644
511	2,337	Trusts under Deeds	68,560	774,812
474	2,721	Trusts under Wills	34,700	572,391
95	378	Pension and Profit Sharing Trusts	28,200	107,908
329	248	Guardian	9,500	6,986
—	264	Funded Life Insurance Trusts	—	27,790
277	488	Cemetery Trusts	140	738
69	462	Investment Management A/C's	14,800	166,032
147	621	Custodian	175,400	506,905
3	—	Consultation Accounts	2,700	—
536	—	Misc. Agency and Unfunded Accounts	600	—
2,570	7,755		\$361,300	\$2,248,206

Notes: *Philadelphia National*—Book values of assets received under a court award are assigned values as stated in the award. In other cases, where obtainable, book values represent tax costs. Where not obtainable, assets are valued at market on the date received by us. Assets such as new close corporations are sometimes carried at temporary value of one dollar pending determination of realistic value.

*Girard-Corn*—Book carrying value is determined by applying arbitrary control values viz., face value for bonds, unit of one per share for stocks, unpaid balances for mortgages, etc., which bears no direct relationship to actual market value. This control or book carrying value as of June 30, 1960 was \$1,083,858,-750.39.

[fol. 5826]

## Corporate Trust

## Types of Accounts

	Charter Bank	Number Merging Bank
Trustee—Mortgages	7	37
Collateral Trusts	—	3
Equipment Trusts	1	32
Debentures	6	15
Authorities	39	46
Liquidating Trust	1	—
Fiscal Agencies	4	8
Bonds Authorized—par value	58	141
Charter Bank	\$1,372,476,249	
Merging Bank	1,231,988,522	
Bonds Outstanding—par value		
Charter Bank	\$1,323,687,655	
Merging Bank	821,392,991	
Bond and Coupon Paying Agencies		
Charter Bank	65	
Merging Bank	158	
Stock Transfer Agencies		
Charter Bank	26	
Merging Bank	57	

CONTINUED ON PAGE 2524

## CONTINUED FROM PAGE 2523

## Registrar

Charter Bank .....	19
Merging Bank .....	52

Other Services: Subscription agent for issuance of rights and purchase of stocks on rights

Agent for issuance of stock dividends.

Agent for stock splits.

Redemption agent.

Exchange agent.

Distribution agent.

Liquidating agent.

Escrow agent.

Trustee or agent for Welfare Plans.

[fol. 5827]

## EXHIBIT—I

If five per cent or more of the stock of any bank including the participating banks is owned by any director or officer of the participating banks, or any pension or profit sharing trust established or administered by either bank, state the name of the owner, name and location of the bank, and the percentage of shares so owned.

No pension or profit sharing trusts established or administered by either bank holds 5% or more of the stock of any bank.

An amended schedule will be submitted at a later date after directors and officers have been contacted.

[fol. 5828]

## EXHIBIT—J

Statement as to whether the Charter Bank or Merging or Consolidating Bank is affiliated with or has a stock interest in any other bank, the stock of which is owned by a bank holding company as defined in the Bank Holding Company Act of 1956.

Neither the Charter Bank or the Merging Bank is affiliated with or has a stock interest in any other bank, the stock of which is owned by a bank holding company as defined in the Bank Holding Company Act of 1956.

[fol. 5829]

## EXHIBIT—K

Comment on the overall effect of the proposed transaction on the competitive situation, both with respect to commercial and trust business, in the service area or areas of the Resulting Bank, noting both favorable and unfavorable considerations, and comment on whether the field of competition

of the Resulting Bank will be local, regional, national or international.

The field of competition of the Resulting Bank will be local, regional, national, and even international. The most significant competitive effect of the merger will be to improve Philadelphia's position in the national (and international) competition among the large banks of the country's major metropolitan areas, particularly New York, Pittsburgh and sections in the eastern part of the country.

#### The National and International Field of Competition.

As has been stated previously in setting forth the "Basic Reasons" for the merger, Philadelphia is the fourth largest metropolitan area in the country (see Schedule 1 of Exhibit K). Economically it ranks fourth or fifth (Schedule 2). Its port is one of the largest in the country, and in the important category of import tonnage, it is the largest. In contrast, Philadelphia fares poorly in banking strength. Schedule 3 lists the twelve largest metropolitan areas in the country and details the size of the five largest banks in each area. If these same areas were ranked in the order of the size of the largest bank in each, Philadelphia would rank ninth (Schedule 3A). Five smaller cities have banks larger than Philadelphia's largest. Philadelphia's poor ranking is highlighted when the size of its lead bank is related to this area's economic base and compared with similar relationships in the other eleven areas. Schedules 4 and 4A show that on this basis Philadelphia ranks 10th or 11th out of the twelve in eight different categories.

The proposed merger will improve Philadelphia's position, bringing it closer to where it should be. Schedules 4 and 4A also show that after the merger the City will rank 7th or 8th in these same categories.

Furthermore, when the Resulting Bank is compared with the nation's other large banks, its creation can scarcely be said to have an adverse effect upon competition. In none of the banking fields in which competition is regional or [fol. 5830] national will its position be substantial. *International banking*, as a function of major U. S. banks, is one of these fields. The foreign departments of the Resulting Bank will have a position in this field that is not large when compared to the banks in New York, and modest in compari-

son to banks in smaller cities such as Boston and San Francisco, which compete for this business. Furthermore, the international services of the two participants differ: Philadelphia National's foreign business consists mostly of loans and letter of credit transactions while Girard's foreign business puts more emphasis on industrial loans. In this respect as in many others, the bank's services are complementary.

The competition for *corporate trust* business is also national as well as regional. The banks serve in a regional market when they act as fiscal agent for a state or a state authority, and on a regional or national basis as trustee of corporation bond issues, stock transfer agent, coupon paying agent and the like. Exhibit H sets forth the pertinent facts. Because relevant statistics from other banks are not readily available, an exact statistical comparison cannot be made. While the Resulting Bank's share of corporate trust business will remain nominal relative to the national picture the bank will be in a stronger position to compete with the large banks in New York and elsewhere.

In the important field of *loans to corporations*, comparative statistics with individual banks in other areas are not available. A basic purpose of this merger, however, is to bring Philadelphia's position in this field more nearly in line with other cities. The \$15,000,000 lending limit of the Resulting Bank will still be below that of eleven other major banks, six of which are in New York City and in close competition.

Thus the proposed merger's effect will be a Resulting Bank that can compete more effectively in all fields of national competition.

#### The Local and Regional, or "Service Area" Field of Competition

The merger will not create a disproportionately large bank in Philadelphia. Schedule 5 lists the five largest banks in each of the same twelve cities as percentages of the total resources of the leading bank in each city. The figures for Philadelphia are pro-forma after giving effect to the proposed merger. In this statistical presentation of banking [fol. 5831] depth (relationship of size of competing banks to leading bank), Philadelphia is shown to have greater depth than Los Angeles, Detroit, Boston, San Francisco



and Pittsburgh, and about equal depth with Chicago, St. Louis, Cleveland, Washington, and Baltimore. Only in New York (not shown on the Schedule) will banking depth be greater. There is obviously a greater need for banking depth in that city, the country's major financial center.

That competition in banking services properly considered to be local or local-regional in scope will not be adversely affected by the merger is evident from a study of the various services discussed below.

Statistics as to the field of *personal trusts* appear in Exhibit H above. Philadelphia National's recent entry into this field, mentioned in the financial history of that bank, is apparent from the fact that the value of its trust assets is but one-seventh the value of the trust assets of Girard, which has specialized in trusts for many years. Schedule 6 is a table of the estimated values of trust assets of all Philadelphia commercial banks. It shows that Girard now has 24% of the total and that the Resulting Bank will have only 28%. The merger cannot have a material effect on competition in this field when it is noted that one other Philadelphia bank already accounts for 35% of this business. It should also be noted that these percentages would be less if this schedule were to include trust companies outside of Philadelphia but within the Resulting Bank's service area (e.g. in Wilmington, Camden, or Trenton) and trust companies outside the service area competing for the same trust business. Personal trust business is no longer a purely local activity; Girard has important trust accounts from as far away as Florida and the Middle West. Pension and profit-sharing trusts obviously have a regional or national aspect and the Philadelphia banks compete with New York, Chicago, and Cleveland banks, for example, for this type of business. To a lesser extent the same is true of investment management accounts. These considerations, which are not reflected in Schedule 6 because accurate figures are difficult to obtain, reduce to insignificance the effect of the merger on personal trusts.

A second important area of essentially local competition is *consumer credit*. Exhibit C shows the competition which commercial banks receive in this field from other kinds of institutions, such as credit unions, sales finance companies, and personal loan companies. Schedule 7 sets forth how the

share of this market held by Philadelphia's commercial banks is divided. Philadelphia National has 10%. Girard has 15%.

[fol. 5832] The aggregate 25% share of the Resulting Bank is to be compared with 34% held by its largest local competitor. Again it is to be noted that these figures do not include commercial banks outside Philadelphia even though within the service area, nor the large number of other institutions treated in Exhibit C.

A third field of local competition is *mortgage loans*. The share of this field which the Resulting Bank will have will be relatively insignificant. Exhibit B shows the extent to which commercial banks must compete with mutual savings banks and savings and loan associations. In addition, severe competition comes from mortgage service companies which arrange mortgage placement throughout the nation.

The fourth field in the local competitive picture is that of "*IPC*" deposits. Exhibit A shows that the Resulting Bank will have 21% of such deposits of commercial banks in the service area. An analysis of the effect of the merger on competition in this field must take into consideration that this field above all others is "local" in the strictest sense. The maps accompanying this application, showing all banking offices within the service areas of the Participating Banks, clearly indicate that the branches of the Charter Bank and the Merging Bank, with only one exception outside central city, are not in direct competition with one another. Each unto itself is in competition with a main office and/or a branch office of other Philadelphia or suburban banks. In other words the service area of the Resulting Bank is, for this purpose, composed of dozens of smaller service areas within which there will be no change in the competitive situation. In the business done by the branches of the merging banks, the proposed merger will have virtually no effect on competition. The Resulting Bank will have only 16.6% of all banking offices in its service area. On a geographical basis, the merger is a combination of adjacent services.

In the portion of "*IPC*" deposits represented by *savings accounts*, competition from other types of institutions is strongest. Exhibit B sets forth this competition. It shows that the Resulting Bank will have less than 7% as much in

savings deposits as the mutual savings banks and the savings and loan associations in the four county area. This percentage would be obviously less in relation to the whole "service area," and would be further reduced if comparable figures were included for all service area commercial banks. Indeed the largest banking institution in Philadelphia is a mutual savings bank. In the face of the dominant position of the area's mutual savings banks and savings and loan associations, the combination of the participating banks will not have a significant effect.

[fol. 5833] In the *demand deposit* category, The Philadelphia National Bank has 3,279 accounts with balances in excess of \$10,000 and the Girard Trust Corn Exchange Bank 7,680 such accounts. In these groups there are only 392 common depositors, details are shown on Exhibit D. After the merger these relatively few depositors will continue to have a large choice of other banking institutions if they do not wish to confine their banking to a single account; one choice available is an institution larger than either of the merging banks.

In one important field, as underwriter and dealer in *municipal bond* financing, The Philadelphia National does a very substantial business. Girard does not participate in these activities. This is yet another illustration of the complementary nature of the operations of the constituent banks.

The merger will not adversely affect small banks in the local-regional community. Many such banks have grown throughout the 1950's more rapidly than either of the merging banks and more rapidly than Philadelphia's largest bank (adjusted for effect of mergers). Schedule 8 shows that the deposit growth of The Philadelphia National Bank, from December 31, 1949 to December 31, 1959, was 15.2% and for the Girard Trust Corn Exchange Bank, 8.4%. Comparing this record with that of a group of Philadelphia and suburban banks (selected as being most competitive with the Charter Bank and the Merging Bank and shown on Schedules 8A and 8B) discloses that in the suburban bank grouping the smallest increase during the ten-year period was 30.8% and the greatest 190.3%. In the selected Philadelphia banks the smallest growth was 37.1% and the largest 65.2%. Looking at the deposit growth record for

the past five years, The Philadelphia National Bank gain was 5.1% and the Girard Trust Corn Exchange Bank 1.6%. This compares with a low of 9.4% for the selected suburban banks and a high of 52.6%, and for the Philadelphia banking group a low of 14.7% and a high of 47.6%. It was during this five-year period that a number of the Philadelphia banks established branches (either de-novo or through merger) in the suburbs. Of particular significance, the Charter Bank through merger in 1954 acquired branches in Chester and Norristown, Pennsylvania, and has thereafter been in direct competition with the Delaware County National Bank of Chester and the Peoples National Bank of Norristown. The deposit growth of these two independent banks was 44.8% and 52.6% respectively during the five-year period whereas the competing branches of the Charter Bank report increases of 10.7% and 18.7%. All of the foregoing figures have been adjusted to eliminate deposits acquired through mergers. Another interesting development has been that the Industrial Trust Company, [fol. 5834] a neighborhood bank in Northeast Philadelphia for many years, recently opened two branches in central city in direct competition with the main office and nearby branches of the major banks.

In summary, the competitive effect of the merger will be a beneficial one. Without dislocation of the local competitive picture, the ability to serve will be increased. The Resulting Bank will be a more effective agency in the national and international areas and will at the same time benefit the business community. In the broader view, banking business which should be, but is not, Philadelphia's can be recaptured and restored to it.

[fol. 5835]

## SCHEDULE 1

Population, Twelve Largest Metropolitan Areas  
(From "The Economic Almanac, 1960," pp. 6-8, quoting census figures)

City	Population 1959- (City Only)	Rank (1959)	1950 Population			Rank (1950)
			City Only	Outside	Total Met. Area	
New York.....	7,771,300	1	7,891,957	5,020,037	12,911,994	1
Chicago.....	3,851,100	2	3,620,962	1,874,402	5,495,364	2
Los Angeles.....	2,397,500	3	1,970,358	2,397,553	4,367,911	3
Philadelphia.....	2,207,200	4	2,071,605	1,599,443	3,671,948	4
Detroit.....	1,951,800	5	1,849,568	1,166,629	3,016,197	5
Boston.....	748,200	11	801,444	1,568,542	2,369,986	6
San Francisco.....	801,500	10	775,357	1,465,410	2,240,767	7
Pittsburgh.....	686,500	12	676,806	1,586,430	2,213,236	8
St. Louis.....	872,200	8	856,796	824,485	1,681,281	9
Cleveland.....	952,500	7	914,808	550,703	1,465,511	10
Washington.....	824,800	9	802,178	661,911	1,464,089	11
Baltimore.....	985,200	6	949,708	387,665	1,337,373	12

[fol. 5836]

## SCHEDULE 2

Retail Sales and Manufacturing Data of Metropolitan Areas  
(From "The Economic Almanac, 1960," pp. 126-7 & 194-5, quoting census figures)

Metro. Area	Retail Sales 1954 \$MM		Average No. of Production Workers (1957) (in thousands)	Wages 1957 \$MM	Value Added by Manufacture 1957 \$MM
	Central City	Total Area			
New York and N.E. New Jersey.....	\$ 9,965	\$15,915	1,355	\$ 5,194	\$15,104
Chicago.....	5,020	7,539	753	3,495	9,948
Los Angeles, Long Beach.....	3,718	7,101	535	2,499	7,123
Philadelphia.....	2,462	4,315	421	1,759	4,791
Detroit.....	2,551	4,216	406	2,219	5,811
Boston.....	1,321	3,010	215	853	2,230
San Francisco, Oakland.....	1,753	3,020	135	636	2,067
Pittsburgh.....	907	2,271	249	1,282	3,293
St. Louis.....	1,161	2,063	195	835	2,477
Cleveland.....	1,364	1,967	224	1,126	2,859
Washington.....	1,212	2,024	(not available in "Economic Almanac 1960")		
Baltimore.....	1,237	1,558	151	655	1,869



[fol. 5837]

## SCHEDULE 3

Size of Leading Banks (Excluding Holding Companies) in Major Metropolitan Areas,  
Dec./31, 1959 (Millions)

	Loans	Assets	Deposits	Capital & Surplus	Total Capital Accts.
<b>New York</b>					
The Chase Manhattan Bank	\$4,226.2	\$8,471.9	\$7,526.3	\$567.9	\$656.2
The First Nat'l City Bk. of NY	4,320.0	8,297.5	7,234.9	658.4	765.1
Chemical Bank N.Y. Tr. Co.	2,222.1	4,314.5	3,711.2	330.0	397.2
Morgan Guaranty Tr. Co.	2,259.9	4,109.8	3,363.0	425.0	517.7
Manufacturers Tr. Co.	1,409.3	3,440.0	3,045.5	200.8	230.8
<b>Chicago</b>					
The First Nat'l Bk. of Chicago	1,586.2	3,038.7	2,707.6	260.0	276.3
Continental Ill. Bk. & Tr. Co.	1,289.8	2,722.7	2,387.1	250.0	272.2
Harris Tr. & Savings Bk.	381.1	815.9	737.6	42.0	50.7
Northern Trust	318.3	756.6	705.9	32.5	37.5
American National Bk.	172.6	453.8	420.5	17.5	20.3
<b>Los Angeles</b>					
Bank of America NT & SA	6,599.7	11,669.4	10,625.0	500.0	625.4
Security First Nat'l Bk.	1,553.0	3,501.4	3,216.4	170.0	239.0
California Bank	636.6	1,316.5	1,196.0	55.0	71.8
Union Bank	289.3	607.1	543.1	36.0	41.8
Citizens National Bank	271.4	590.5	538.5	34.0	41.4
<b>Philadelphia</b>					
The Philadelphia Nat'l Bk.	486.2	1,093.8	978.6	80.0	91.6
Girard Trust Corn. Ex. Bk.	387.4	763.0	668.7	55.0	72.5
The First Penna. Bkg. & Tr. Co.	593.6	1,221.0	1,075.7	77.0	92.0
Prov. Trades. Bk. & Tr. Co.	250.2	519.9	457.6	45.0	55.8
Fidel. Phila. Tr. Co.	239.7	470.4	420.6	35.0	40.5
Central Penn Nat'l Bk.	152.8	282.4	253.1	20.9	24.2
<b>Detroit</b>					
Nat'l Bk. of Detroit	775.1	1,977.2	1,785.8	130.0	155.9
The Detroit Bk. & Tr. Co.	422.0	982.1	891.8	63.4	74.2
Manufacturers Nat'l Bk.	361.6	849.9	781.0	41.0	55.2
Bank of the Commonwealth	132.5	354.0	324.9	16.0	1.1
The Michigan Bank	106.0	163.0	151.7	5.0	7.3
<b>[fol. 5838]</b>					
<b>Boston</b>					
The First Nat'l Bk. of Boston	\$960.8	\$1,854.4	\$1,606.9	\$158.8	\$185.1
Nat'l Shawmut Bank	240.7	482.6	432.1	35.0	40.0
State Street Bk. & Tr. Co.	203.7	412.6	362.4	35.3	41.0
Merchants Nat'l	127.1	259.0	231.0	20.3	22.6
Rockland-Atlas Nat'l Bk.	67.7	142.2	127.9	10.0	11.6
<b>San Francisco</b>					
Bank of America, NT & SA	6,599.7	11,669.4	10,625.0	500.0	625.4
Wells Fargo Bank	351.6	735.0	675.0	35.0	42.6
American Trust Co.	975.8	1,868.8	1,709.1	100.0	124.3
Combined—Pro-Forma	1,327.4	2,603.8	2,384.1	135.0	166.9
Crocker-Anglo Nat'l Bk.	971.6	1,831.5	1,656.7	106.1	125.3
First Western Bk. & Tr. Co.	571.9	1,151.8	1,062.4	60.0	71.7
The Bank of Calif. Nat'l Assn.	338.2	651.0	577.6	35.0	42.8

	Loans	Assets	Deposits	Capital & Surplus	Total Capital Accts.
<b>Pittsburgh</b>					
Mellon Nat'l Bk. & Tr. Co.	1,049.1	2,067.8	1,753.3	252.5	289.7
Pittsburgh Nat'l Bk.	437.8	982.5	877.5	81.0	89.2
The Union Nat'l Bk.	66.1	150.9	134.8	14.0	15.4
Commonwealth Tr. Co.	50.4	123.3	144.0	6.5	7.7
William Penn Bank of Commerce	4.8	14.2	13.4	1.5	1.7
<b>St. Louis</b>					
Mercantile Tr. Co.	307.9	663.3	571.0	48.0	59.8
First Nat'l Bk. in St. Louis	325.9	633.2	576.3	41.5	50.8
Boatmens Nat'l Bk.	86.4	223.4	203.2	13.0	17.6
Security Mutual Bk. & Tr. Co.	42.0	98.2	84.3	5.8	7.4
Tower Grove Bk. & Tr. Co.	44.9	87.4	78.6	6.0	8.1
<b>Cleveland</b>					
The Cleveland Tr. Co.	826.9	1,457.5	1,332.1	100.0	116.2
The Nat'l City Bk. of Cleve.	364.4	823.5	744.4	60.0	66.7
Central Nat'l Bk. of Cleve.	289.3	614.8	559.9	40.0	43.4
Society Nat'l Bk. of Cleve.	222.4	421.1	386.5	30.0	31.0
Union Commerce Bk.	135.5	292.7	259.0	27.5	30.2
[fol. 5839]					
<b>Washington, D.C.</b>					
Riggs Nat'l Bk.	\$ 236.9	\$ 539.6	\$ 486.9	\$ 26.0	\$ 35.7
American Security & Tr. Co.	170.3	378.3	342.6	22.7	27.3
Nat'l Bk. of Wash., D.C.	118.1	286.4	257.0	21.3	23.9
Union Tr. Co. of the Dist. of Col.	62.4	128.2	115.4	7.0	8.8
Nat'l Svcs. & Tr. Co.	39.2	77.1	100.5	5.0	6.2
<b>Baltimore</b>					
Fidelity-Baltimore Nat'l Bk.	106.2	305.1	281.2	18.0	20.4
Maryland Tr. Co.	48.5	115.8	106.5	6.0	7.5
Combined—Pro Forma	154.7	420.9	387.7	24.0	27.9
First Nat'l Bk. of Balt.	104.5	314.3	345.6	22.0	26.4
Union Tr. Co.	109.7	253.0	229.9	16.0	18.2
Equitable Tr. Co.	76.1	197.5	180.3	10.0	11.1
Mercantile Safe Dep. & Tr. Co.	57.7	159.0	134.5	20.0	23.5

[fol. 5840]

## SCHEDULE 3A

Comparative Rank of Leading Bank (excluding Holding Companies) in  
Major Metropolitan Areas, December 31, 1959

	Total Deposits (Millions)	Comparative Rank of Leading Bank In Relation to Leading Bank in Metropolitan Areas	National Ranking (Based on Deposits)
Los Angeles	\$10,625.0 (a)	1	1
San Francisco	10,625.0 (a)	1	1
New York	9,526.3	3	2
Chicago	2,707.6	4	8
Detroit	1,785.8	5	11
Pittsburgh	1,753.3	6	12
Boston	1,606.9	7	16
Cleveland	1,332.1	8	18
Philadelphia	1,075.7	9	20
St. Louis	571.0	10	44
Washington, D.C.	486.9	11	51
Baltimore	387.7 (b)	12	75

## Notes:—

(a) Represents Bank of America N.T. & S.A. Even if second largest bank in Los Angeles and San Francisco were used, here Philadelphia's largest bank would still rank 9th and 20th in terms of the two measures shown on this schedule.

(b) Pro-forma for Baltimore National Bank.

See also Schedules 4 and 4A, which rank these banks in relation to the relative size of the metropolitan areas that they serve.

[fol. 5841]

## SCHEDULE 4

Total Deposits of Leading Bank in Each Major Metropolitan Area, 12/31/59-Related to  
Population and Retail Trade Statistics of Corresponding Metropolitan Areas

	Deposits per Person				Deposits per \$1,000 of Retail Sales (1954)			
	1959 City Only	(Rank)	1950 Met. Area	(Rank)	Central Cities	(Rank)	Total Area	(Rank)
New York	\$ 968.5	6	\$ 582.9	7	\$ 755.3	6	\$ 472.9	5
Chicago	703.1	8	492.7	8	539.4	8	359.1	8
Los Angeles (a)	1,341.6	5	736.4	4	865.1	5	453.0	6
Philadelphia	487.4	11	293.0	11	436.9	10	249.3	10
1959 Actual	(746.3)	(8)	(448.6)	(8)	(669.1)	(8)	(381.8)	(8)
(1959 pro-forma)	915.0	7	592.1	6	700.0	7	423.6	7
Detroit	2,147.7	3	678.0	5	1,216.4	3	533.9	4
Boston	13,256.4	1	4,741.6	1	6,040.4	1	3,518.2	1
San Francisco	2,974.5	—	1,064.0	—	1,355.4	—	789.4	—
B. of A.	2,554.0	2	792.2	3	1,933.1	2	772.0	2
Wells Fargo (b)	654.7	9	339.6	9	491.8	9	276.8	9
Pittsburgh	1,398.5	4	909.0	2	976.6	4	677.2	3
St. Louis	590.3	10	332.6	10	401.7	11	240.5	12
Cleveland	393.5	12	289.9	12	313.4	12	248.8	11
Washington, D.C.								
Baltimore (c)								

(a) Excludes Bank of America. Based rather on figures for Security First National Bank.

(b) Pro-Forma, adjusted for merger with American Trust.

(c) Pro-Forma, adjusted for merger of Fidelity-Baltimore National Bank and Maryland Trust Co. into Baltimore National Bank.

[fol. 5842]

## SCHEDULE 4A

Total Loans and Lending Limit of Leading Bank in Each Major Metropolitan Area, 12/31/59,  
Related to Manufacturing Wages and to Value Added by Manufacturers.

Loans per \$1,000 of

Lending Limit per \$1,000 of:

	Manu- facturing Wages (1957)	Rank	Value Added	Rank	Manu- facturing Wages	Rank	Value Added	Rank
New York	\$ 851.0	3	\$ 292.6	4	\$12.61	4	\$4.34	4
Chicago	453.8	7	159.4	7	7.44	6	2.61	6
Los Angeles (a)	621.4	6	218.0	6	6.80	7	2.39	7
Philadelphia								
1959 Actual	241.1	10	121.4	10	4.38	10	1.57	10
(1959 Pro-Forma)	(497.2)	(7)	(178.8)	(7)	(7.11)	(7)	(2.56)	(7)
Detroit	349.3	9	133.4	8	5.85	8	2.23	8
Boston	1,126.4	2	430.9	2	18.62	3	7.12	3
San Francisco								
Bank of Amer.	10,376.9	1	3,192.9	1	78.62	1	24.19	1
Wells Fargo (b)	2,087.1		642.2		21.23		6.53	
Pittsburgh	818.3	4	318.6	3	19.70	2	7.67	2
St. Louis	368.7	8	124.3	9	5.74	9	1.94	9
Cleveland	734.4	5	289.2	5	8.88	5	3.50	5
Washington, D.C.			not available					
Baltimore (c)	236.2	11	82.8	11	3.66	11	1.28	11

(a) Excludes Bank of America. Based rather on figures for Security First National Bank.

(b) Pro-Forma, adjusted for merger with American Trust.

(c) Pro-Forma, adjusted for merger of Fidelity-Baltimore National Bank and Maryland Trust Company into Baltimore National Bank.

[fol. 5843]

## SCHEDULE 5

Relative Size of Leading Banks in Large Metropolitan Areas  
(Excluding New York)

(The largest bank in each city in terms of total resources as of December 31, 1959 is given as 100% and the other banks in each city as a % of the leading bank.)

Philadelphia's figures are pro-forma after the proposed merger.

Areas where Philadelphia  
banking depth is greater

	Phila.	Los Ang.	Detroit	Boston	San Fran.	Pittsburgh
Leading Bank	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Second Bank	66.2	30.0	49.7	26.0	22.3 (a)	47.5
Third Bank	28.3	11.3	43.0	22.2	15.7	7.3
Fourth Bank	25.7	5.2	17.9	14.0	9.9	6.0
Fifth Bank	15.5	5.1	8.2	7.7	5.6	0.7

Areas where Philadelphia  
banking depth is about equal

	Phila.	Chicago	St. Louis	Cleveland	Washington	Baltimore
Leading Bank	100.0%	100.0%	100.0%	100.0%	100.0%	100.0% (b)
Second Bank	66.2	89.6	95.5	56.5	70.1	74.7
Third Bank	28.3	26.8	33.7	42.2	53.1	60.1
Fourth Bank	25.7	24.9	14.8	28.9	23.8	46.9
Fifth Bank	15.5	14.9	13.2	20.1	14.3	37.8

(a) Wells Fargo American Trust—Pro-Forma.

(b) Baltimore National Bank—Pro-Forma.

[fol. 5844]

## SCHEDULE 6

Aggregate Personal Trust Business of Philadelphia Commercial Banks as of December 31, 1959

Bank	Personal Trusts (Millions)	% of Total
First Pennsylvania Banking and Trust Company	\$3,260	35%
Philadelphia National Bank	361	4
Girard Trust Corn Exchange Bank	2,240	24
Provident Tradesmens Bank and Trust Company	1,340	15
Fidelity-Philadelphia Trust Company	1,850	20
Central-Penn National Bank	77	1
Other Philadelphia Commercial Banks	70	1
Total	\$9,198	100%

[fol. 5845]

## SCHEDULE 7

Aggregate Consumer Credit Business of Philadelphia Commercial Banks as of December 31, 1959.

(Estimated Figures)

Bank	Consumer Credit (Millions)	% of Total
First Pennsylvania Banking and Trust Company	\$180	34%
Philadelphia National Bank	54	10
Girard Trust Corn Exchange Bank	80	15
Provident Tradesmens Bank and Trust Company	70	13
Fidelity-Philadelphia Trust Company	25	5
Central-Penn National Bank	65	12
Other Philadelphia Commercial Banks	60	11
Total	\$534	100%



[fol. 5846]

SCHEDULE 8  
Deposit Growth Record  
(In Millions)

	PNB	Girard-Corn	Combined Pro-Forma
<b>Deposits</b>			
12/31/49 .....	\$674.5	\$493.4	\$1,167.9
12/31/54 .....	851.0	580.2	1,431.3
12/31/59 .....	949.6	659.1	1,608.8
<b>Increase for Ten Year Period</b> 12/31/49 to 12/31/59			
<b>Amount</b>			
Gross Increase .....	\$275.1	\$165.7	\$440.8
Increase by Merged Banks .....	-172.9	-124.2	-297.1
Net Increase .....	\$102.2	\$41.5	\$143.7
<b>Percentage</b>			
Gross Increase .....	40.8%	33.6%	37.7%
Increase by Merged Banks .....	-25.6	-25.2	-25.4
Net Increase .....	15.2%	8.4%	12.3%
<b>Increase for Five Year Period</b> 12/31/54 to 12/31/59			
<b>Amount</b>			
Gross Increase .....	\$98.6	\$78.8	\$177.4
Increase by Merged Banks .....	-55.4	-69.6	-125.1
Net Increase .....	\$43.2	\$9.2	\$52.3
<b>Percentage</b>			
Gross Increase .....	11.6%	13.6%	12.4%
Increase by Merged Banks .....	-6.5	-12.0	-8.7
Net Increase .....	5.1%	1.6%	3.7%

[fol. 5847]

## SCHEDULE 8A

Deposit Growth Record—Selected Philadelphia Banks  
(In Millions)

	Second Natl.	Liberty Real Est.	Indust. Trust.	Frank- ford Tr.	Broad St. Tr.
<b>Deposits</b>					
12/31/49.....	\$25.1	\$67.4	\$22.7	\$31.8	\$ 53.0
12/31/54.....	29.7	80.0	25.4	41.9	96.6
12/31/59.....	34.6	105.0	39.9	49.4	126.1
<b>Increase for Ten Year Period</b> 12/31/49 to 12/31/59					
<b>Amount</b>					
Gross Increase.....	\$ 9.5	\$37.6	\$17.2	\$17.6	\$73.1
Increase by Merged Banks	—	—	-2.4	—	-53.4
<b>Net Increase.....</b>	<b>\$ 9.5</b>	<b>\$37.6</b>	<b>\$14.8</b>	<b>\$17.6</b>	<b>\$19.7</b>
<b>Percentage</b>					
Gross Increase.....	37.8%	55.8%	75.8%	55.3%	137.9%
Increase by Merged Banks	—	—	-10.6	—	-100.8
<b>Net Increase.....</b>	<b>37.8%</b>	<b>55.8%</b>	<b>65.2%</b>	<b>55.3%</b>	<b>37.1%</b>
<b>Increase for Five Year Period</b> 12/31/54 to 12/31/59					
<b>Amount</b>					
Gross Increase.....	\$ 4.9	\$25.0	\$14.5	\$ 7.5	\$29.5
Increase by Merged Banks	—	—	-2.4	—	-15.3
<b>Net Increase.....</b>	<b>\$ 4.9</b>	<b>\$25.0</b>	<b>\$12.1</b>	<b>\$ 7.5</b>	<b>\$14.2</b>
<b>Percentage</b>					
Gross Increase.....	16.5%	31.3%	57.1%	17.9%	30.5%
Increase by Merged Banks	—	—	-9.5	—	-15.8
<b>Net Increase.....</b>	<b>16.5%</b>	<b>31.3%</b>	<b>47.6%</b>	<b>17.9%</b>	<b>14.7%</b>

[fol. 5848]

## SCHEDULE 8B

Deposit Growth Record—Selected Suburban Banks  
(In Millions)

	Del. Co. Natl. Bk. Chester	Bryn Mawr Trust Co.	Peoples Natl. Bk. Norris	Jenkin- town Bk. & Tr.	Bk. of Old York Road
Deposits					
12/31/49	\$33 0	\$14 8	\$ 7 2	\$19 5	Est. 1952
12/31/54	43 3	31 9	13 7	21 0	3 0
12/31/59	62 7	34 9	20 9	25 5	11 1
Increase for Ten Year Period 12/31/49 to 12/31/59					
Amount					
Gross Increase	\$29 7	\$20 1	\$13 7	\$ 6 0	\$11 1
Increase by Merged Banks		-7 4			
Net Increase	\$29 7	\$12 7	\$13 7	\$ 6 0	\$11 1
Percentage					
Gross Increase	90 0%	135 8%	190 3%	30 8%	—
Increase by Merged Banks		50 0			—
Net Increase	90 0%	85 8%	190 3%	30 8%	—
Increase for Five Year Period 12/31/54 to 12/31/59					
Amount					
Gross Increase	\$19 4	\$ 3 0	\$ 7 2	\$ 4 5	\$ 8 1
Increase by Merged Banks					
Net Increase	\$19 4	\$ 3 0	\$ 7 2	\$ 4 5	\$ 8 1
Percentage					
Gross Increase	44 8%	9 4%	52 6%	21 4%	—
Increase by Merged Banks					
Net Increase	44 8%	9 4%	52 6%	21 4%	—

(col. 5849)

Basis for proposed merger of  
The Philadelphia National Bank and Girard Trust Corn Exchange Bank  
(Charter Bank) (Merging Bank)

Source of Figures.....	Philadelphia National (Charter Bank)	Girard-Corn (Merging Bank)	Combined	Proposed for Resulting Bank
Date.....	Published Report (a) June 30, 1960	Published Report (a) June 30, 1960		
Total Deposits.....	\$ 924,495M	\$ 650,790M		\$ 1,575,285M
Total Loans.....	523,612M	399,362M		922,974M
Total Fixed Assets.....	13,966M	12,255M		26,221M
Total Resources.....	1,064,335M	740,920M		1,805,255M
No. of Shares.....	2,647,812½	1,691,875		4,339,687
Par Value Per Share.....	\$10.00	\$10.00		\$10.00
Last Sale Price and Dates.....	\$43.75 (10/21/60)	\$55.75 (10/21/60)		
Capital.....	\$28,478,125	\$16,918,750	\$ 45,396,875	\$ 48,262,000
Surplus.....	53,521,875	43,081,250	96,603,125	101,738,000
Undivided Profits.....	13,306,684	14,059,392	27,366,076	17,370,309
Res. for Conting.....				
Total.....	\$93,306,684	\$74,059,392	\$167,366,076	\$167,370,309(b)
% of Total.....	55.75006%	44.24994%	100%	
Net Adjustments: (Schedule Attached).....	\$19,731,542	\$17,014,686	\$ 36,746,228	
Estimated fair value of assets, over and above liability to creditors contributed by each bank.....	\$113,038,226	\$91,074,078	\$204,112,304	
% of Total.....	55.38041%	44.61959%	100%	

Fair value per share before and after merger		
Total swing in value	Before \$42.69	After \$42.29
Dilution per share	\$-1,053,194	\$+1,053,194
Proposed allotment of stock	-0.40	+0.62
No. of Shares	2,647,812½	2,178,289¾
Agg. Par Value	\$26,478,125	\$21,782,891
% of Total	54.86442%	45.13558%
Ratios:		100%
Capital to Deposits	10.09%	10.62%
Capital to Risk Assets	14.83%	15.49%

(a) The published figures (6/30/60) for both the Charter Bank and the Merging Bank have been adjusted to the "Call Report" basis of reporting by deducting reciprocal bank balances of \$21,812M and \$7,387M respectively from Total Deposits and Total Resources. In addition thereto the figures for the Merging Bank have been further reduced by subtraction of its Loan Reserve of \$9,265M from Total Loans and Total Resources.

(b) Includes the proceeds of sale of 98½ new shares, being issued to "round-out" the number of shares, at an estimated current market price of \$43 per share. (\$4,232.81).



[fol. 5850]

The Philadelphia National Bank  
(Charter Bank)

Girard Trust Corn Exchange Bank  
(Merging Bank)

Schedule showing adjustments to book values in determining the estimated fair value of excess assets, over and above liability to creditors, of each merging bank, in support of the proposed allotment of stock of the consolidated bank or receiving association to the respective groups of shareholders.

	Philadelphia National (Charter Bank)	Girard-Corn (Merging Bank)	Combined
Adjustments: (a)			
Additions:			
Reserve for Bad Debts.....			
Other Free Reserves—			
For Loans.....	\$17,929,820	\$ 9,101,246	\$27,031,066
For Securities.....	363,089	164,331	527,420
For Accrued Discount Net of Tax.....	3,372,585	—	3,372,585
Bond Appreciation	—	896,415	896,415
Banking House.....			
Furn. & Fixtures.....	913,787	7,771,353	8,685,140
Other Real Estate.....	194,257	814,904	1,009,161
Good Will.....	—	—	—
*Other:.....	—	—	—
Total Additions.....	\$22,773,538	\$18,748,249	\$41,521,787
Deductions:			
Accrued Taxes.....			
Accrued Interest.....	\$ —	\$ —	\$ —
Int. Coll.—Not Earned.....			
Provisions for Dividends.....			
Bond Depreciation—net of tax.....			
Depr. on Bank House.....			
Depr. Furn. & Fixtures.....	2,123,462	1,625,097	3,748,559
Est. Losses—Loans.....	—	—	—

Est. Losses—O.R.E.....	—	—	—
Est. Losses—Other.....	—	—	—
*Other:			
Net Additional Cost of Funding Pension Plans.....	\$ 918,534	\$ 108,466	\$ 1,027,000
Total Deductions.....	\$ 3,041,996	\$ 1,733,563	\$ 4,775,559
Net Adjustments (b).....	\$19,731,542	\$17,014,686	\$36,746,228
Nonconforming Assets.....	\$ None	\$ 539,583(a)	\$ 539,583
(Detailed list attached)			
Disposition to be made of nonconforming assets: See memorandum attached.			

(a) Adjustment figures as of 6/30/60; Nonconforming Asset figures as of 9/30/60.

(b) In addition to the above itemized adjustments, numerous other items were reviewed. However, they generally off-set each other and therefore are not included in the statement of adjustments to determine fair value.

[fol. 5851]

## Non-Conforming Assets

September 30, 1960

Stocks		Book Value
50 Shares Central Warehouse Corp.—Class "A" Stock		
250 Shares Central Warehouse Corp.—Class "B" Stock		\$ 1 00
4,257 Shares Philadelphia National Bank Capital Stock		44,839 03
7,122 Shares Commonwealth Land Title Insurance Co. Common		141,450 67
10 Shares Philadelphia Bourse		1 00
6,000 Shares Pennsylvania Railroad Company, Common		330,195 32
Total		\$516,487 02
Mortgages owned		
Premises—431 N. 10th Street, Philadelphia (Vacant Ground)		\$ 1 00
Premises—1712 Buck Road, Feasterville, Pa.		13,681 49
Total		\$ 13,682 49

## Other Real Estate Owned

Premises—1/10 interest—5607-09-11-13 Germantown Ave. and 24-23 and 27 East Woodlawn St., Phila., Pa.		-0-
Premises—1268 Haddon Avenue, Camden, New Jersey		\$ 1,004 43
Premises—111 Exeter Avenue, Margate City, New Jersey		897 00
Premises—7340-42 Theodore Street, Philadelphia, Pa.		7,512 27
Total		\$ 9,413 70
Total Non-Conforming Assets		\$539,583 21

[fol. 5852]

## Non-Conforming Assets

## Intended Disposition

In the event that this application is approved, it is the intention that these items will be disposed of as noted, either prior to the merger or a reasonable time thereafter, considering the existing fairness of the market prices and the tax consequences.

- 50 shares of Central Warehouse Corp. Class "A" Stock.
- 250 shares of Central Warehouse Corp. Class "B" Stock.
- 4,257 shares of Philadelphia National Bank Capital Stock.
- 7,122 shares of Commonwealth Land Title Insurance Company Common Stock.

The above four items will be contributed to the Girard Trust Corn Exchange Bank Foundation.

### 10 shares of Philadelphia Bourse.

The above shares were purchased by the Corn Exchange National in 1892 and held by them, at a nominal value, until the merger with the Girard Trust in 1951. The Charter Bank also owns 90 shares. Although this is a private enterprise, operating an office building, its membership is an active civic organization with its main interest in the support and development of the Philadelphia Port, and is closely allied with the Commercial and Maritime Exchanges.

### 6,000 shares of Pennsylvania Railroad Company Common Stock.

This stock will be sold when a reasonable price can be obtained considering the current economic conditions.

### Mortgages and Other Real Estate Owned—6 items.

These items have been acquired in order to work out loans and reduce losses. They will continue to be held and disposed of in the normal course of business. (The properties located on Haddon Avenue and on Exeter Avenue are at present under agreement of sale, which includes the taking of a purchase money mortgage.)

[fol. 5853]

### GOVERNMENT'S EXHIBIT 58

TABLE IIIb

Assets of Mutual Savings Banks in the United States, December 31, 1959  
(amounts in millions)

Type of Asset	Amount	Per Cent of Total
Cash assets.....	\$ 829	2 1
Mortgage loans.....	24,769	65.6
Other loans.....	358	0.9
U. S. Government securities.....	6,871	17.6
State & local government securities.....	721	1.9
Corporate and other securities.....	4,845	12.4
Other assets.....	552	1.4
Total.....	\$38,945	100.0

Source: Federal Reserve Bulletin.

[fol. 5854]

## GOVERNMENT'S EXHIBIT 59

## TABLE IIIc

Assets of Life Insurance Companies in the United States, December 31, 1959  
(amounts in millions)

Type of Asset	Amount	Per Cent of Total
U. S. Government securities	\$ 6,868	6.0
State & local government securities	4,135	3.7
Corporate bonds	45,334	39.9
Corporate stocks	4,561	4.0
Mortgages	39,197	34.5
Real Estate	3,651	3.2
Policy loans	4,618	4.1
Miscellaneous assets	5,286	4.6
Total	\$113,650	100.0

Number of companies: 1,431.

Source: *Life Insurance Fact Book, 1960* (Institute of Life Insurance).

[fol. 5855]

## GOVERNMENT'S EXHIBIT 60

Effects of the Opening of New Credit Lines for Outside Firms on the Availability of Credit in Philadelphia

Let

C = the amount of new credit lines established.

d = the deposit requirement as a per cent of the credit line.

r = the reserve requirement percentage.

k = the proportion of the new credit lines in use on the average.

X = the addition to excess reserves of Philadelphia banks.

L = the amount of additional local loans made by Philadelphia banks.

p = the proportion of new deposits resulting from local loans that can be expected to remain in Philadelphia banks.

Then

dC = the amount of additional reserves and deposits received by Philadelphia banks as a result of establishing credit lines.

kC = the amount of new loans to firms opening credit lines and the amount of reserves leaving Philadelphia as a result of these loans.

(d - k)C = net gain in reserves by Philadelphia banks.

rdC = the reserves needed to support the additional deposits resulting from the establishment of credit lines.

(d - k - rd)C = (d(1 - r) - k)C = X = the gain in excess reserves by Philadelphia banks resulting from the establishment of new credit lines.

pL = the amount of deposits resulting from local loans that remains in Philadelphia banks.

rpL = the reserves needed to support the new loan-created deposits.

(1 - p)L = the reserves leaving Philadelphia as a result of local loans.



[fol. 5856]

$(rp + 1 - p)L = (1 - p(1 - r))L$  = total amount of reserves absorbed by local loans.  
 $(1 - p(1 - r))L = X$ :

$$L = \frac{1}{1 - p(1 - r)} X$$

$L = \frac{d(1 - r) - k}{1 - p(1 - r)} C$  = the amount of additional loans that can be made as a result of the establishment of new credit lines.

Numerical Example:

Suppose  $C = \$96,000$ ,  $d = .25$ ,  $r = .2$ ,  $k = .1$ , and  $p = .05$ .

Then

$$L = \frac{.25(1 - .2) - .1}{1 - .05(1 - .2)} \times \$96,000$$

$$L = \frac{.1}{.96} \times \$96,000 = \$10,000$$

All Philadelphia Banks  
(amounts in thousands of dollars)

Assets		Liabilities	
Reserves	+ 24.0	Demand deposits	+ 24.0
Outside loans	+ 9.6	Demand deposits	+ 0.5
Reserves	- 9.6		
Local loans	+ 10.0		
Reserves	- 9.5		

Approximate Actual Situation for the Philadelphia Area:

$d = .2$ ,  $r = .165$ ,  $k = .5$ , and  $p = .03$ .

$$L = \frac{.2(1 - .165) - .5}{1 - .03(1 - .165)} C = \frac{-.333}{-.975} C = -.342C$$

That is, it is estimated that the establishment of new credit lines in Philadelphia on this basis would reduce the supply of credit available locally in the Philadelphia area by about 35 per cent of the amount of lines established.

[fol. 5857] Basis of the Calculations

(1) The value of  $d$  (20 per cent) was taken from the deposition of Mr. George H. Brown, Jr., President of the Girard Corn Exchange Bank.

(2) For the value of  $r$ , the existing reserve requirement (16.5 per cent) for central reserve city member banks was used. It would be slightly preferable to use the average reserve requirements of all Philadelphia area banks (including nonmember banks) in the denominator of the expression derived above. For the four-county area (Philadelphia, Bucks, Delaware and Montgomery Counties), this works out to about 14 per cent. However, the introduction of this slight refinement would have very little effect on the results.

(3) The value of  $k$  was estimated on the basis of the ratio of outstanding loans to credit lines for all customers of the Philadelphia National Bank having loans in formal lines of credit of \$50,000 or more as of September 21, 1960. This material was taken from the answers of the Philadelphia National Bank to Questions 2 and 3 propounded by plaintiff. The actual ratio of outstanding loans to credit lines calculated from the tabulations was 51.8 per cent.

(4) The estimate of  $p$  was based on the ratio of IPC demand deposits for the four-county area to total IPC demand deposits for the entire United States. This information was obtained from *Distribution of Bank Deposits by Counties and Standard Metropolitan Areas*, June 15, 1960 (Washington: Board of Governors of the Federal Reserve System, December 1960). The actual ratio of IPC demand deposits in the four-county area to the United States' total on June 15, 1960, was 2.6 per cent.

[fol. 5858]

## GOVERNMENT'S EXHIBIT 62

TABLE VI

Relative Size of Business Borrowers at Member Banks by Size of Bank  
(Amount of Loans Outstanding, October 16, 1957 (in Millions of Dollars))

Size of Bank (total deposits, in millions of dollars)

Size of Borrower <sup>1</sup>	All Banks	Under 10	10-100	100-1,000	1,000 and over
All borrowers	40,618	1,684	6,439	14,192	18,304
Small	7,001	792	2,082	2,613	1,514
Medium	17,706	814	3,446	6,686	6,761
Large	14,704	38	715	4,517	9,434
Not ascertained	1,207	40	196	376	595

Note: Detail may not add to totals due to rounding.

Source: *Federal Reserve Bulletin*, April 1958, p. 404, Table 8.

<sup>1</sup> Borrowers are classified as "large," "medium," or "small" separately for each industry in relation to the size pattern of enterprises characteristic of that industry. For detailed description of classifications, see *Federal Reserve Bulletin*, April, 1958, p. 409.

[fol. 5859]

## GOVERNMENT'S EXHIBIT 63

TABLE VII

Size-of-Bank Variations in Interest Rates on Business Loans by Size of Borrower  
(Average Rates at Member Banks, October 16, 1957. Percent Per Annum.)  
Size of Bank (total deposits, in millions of dollars)

Size of borrower (total assets in thousands of dollars)	All Banks	Under 10	10-100	100-1,000	1,000 and over
All-borrowers <sup>1</sup>	4.9	5.9	5.4	5.0	4.6
Less than 50	6.5	6.5	6.4	6.6	6.9
50-250	5.7	5.8	5.6	5.7	5.9
250-1,000	5.4	5.4	5.3	5.3	5.5
1,000-5,000	5.1	4.8	5.1	5.1	5.0
5,000-25,000	4.7	4.8	4.8	4.7	4.6
25,000-100,000	4.3	4.8	4.5	4.4	4.3
100,000 or more	4.1	4.2	4.3	4.2	4.0

Source: *Federal Reserve Bulletin*, April 1958, p. 407, Table 11.

<sup>1</sup> Includes a small amount of loans for borrowers whose size was not ascertained.

{fol. 5860}

## GOVERNMENT'S EXHIBIT 64

TABLE VIII

Term Loans as a Percentage of Business Loans at Member Banks  
by Size of Borrower and Size of Bank, October 16, 1957  
Size of Bank (total deposits, in millions of dollars)

Size of borrower (total assets in thousands of dollars)	All Banks	Under 10	10-100	100-1,000	1,000 and over
All borrowers	38.0	34.7	32.1	31.1	45.6
Less than 50	46.2	43.5	42.6	48.5	60.1
50-250	37.0	35.2	37.3	35.8	41.2
250-1,000	28.5	23.2	30.7	29.3	24.3
1,000-5,000	29.8	17.1	23.4	28.8	35.0
5,000-25,000	39.1	14.1	19.7	32.9	45.0
25,000-100,000	47.7	15.5	17.2	31.9	55.0
100,000 or more	40.3	6.8	13.7	25.4	45.3

Source: *Federal Reserve Bulletin*, April 1958, p. 402, Table 6.

{fol. 5861}

## GOVERNMENT'S EXHIBIT 65

TABLE IX

Interest Rates on Member Bank Loans to Business  
by Size of Borrower and Maturity of Loan, 1957

(Average Rates on Loans Made Between July 1 and October 16, 1957)

Size of borrower (total assets in thousands of dollars)	All loans	Short-Term (1 year or less)	Intermediate term (1-5 years)	Long-Term (over 5 years)
All borrowers	5.0	5.0	5.7	4.7
Less than 50	6.5	6.1	8.7	5.8
50-250	5.7	5.6	7.1	5.6
250-1,000	5.4	5.4	6.0	5.4
1,000-5,000	5.1	5.1	5.7	5.1
5,000-25,000	4.8	4.8	4.9	4.8
25,000-100,000	4.5	4.6	4.6	4.3
100,000 or more	4.4	4.4	4.4	3.9

Source: *Federal Reserve Bulletin*, April 1958, p. 405, Table 10.

[fol. 5862]

## GOVERNMENT'S EXHIBIT 67

Loans of Phila. Nat'l. Bank (P.N.B.) in Which P.N.B. participates under written agreement.  
From Loan Records of P.N.B.

Borrower	Am't.	Rate of Interest	Original Loan		Amount Owng		
			Participating Banks	Bank	Date	Total	P.N.B. Participa- tion
Racine, Wisc.	\$162,380,000.00	5 1/2% (9/15/60)		First N/B of Chicago.....	5/10/61	\$119,350,000.00	\$3,261,000.00
				First Nat'l. City Bk. of New York.....			
				Morgan Guaranty Tr. of N.Y.....			
				Bank of America Nat'l. Tr. & Savings.....			
				Continental Illinois N/B & Tr. Co. of Chicago.....			
				Marine Midland Tr. of N.Y.....			
				First N/B in Dallas.....			
				First Wisconsin N/B of Milwaukee.....			
				Irving Tr. Co.....			
				Phila. N/B.....			
				Pittsburgh N/B.....			
				First N/B of Boston.....			
				Harris Tr. & Savings Bank.....			
				Indiana N/B of Indianapolis.....			
				Nat'l. Bank of Detroit.....			
				Bankers Tr. Co.....			
				Bank of New York.....			
				Chemical Bk. & Tr. Co.....			
				Cleveland Tr. Co.....			
				Girard Tr. Corn Exch. Bk.....			
				Mercantile Tr. Co.....			
				U.S. N/B of Portland.....			
				Balto. N/B.....			
				First N/B of Atlanta.....			
				First N/B, Balto.....			
				Mfgs. N/B of Detroit.....			
				Marshall & Ilsley Bank.....			
				Northwestern N/B of Minneapolis.....			
				Riggs N/B of Wash., D.C.....			
				Union Tr. Co. of Md.....			
				Wells Fargo Bk. American Tr. Co.....			
				Brown Bros. Harriman & Co.....			
				Central Tr. Co.....			
				Citizens & Southern N/B.....			
				Davenport Bk. & Tr. Co.....			
				Denver United States N/B.....			
				First N/B of Minneapolis.....			
				First N/B of Nevada.....			
				First N/B of St. Paul.....			
				Grace N/B of New York.....			

[fol. 5863]

Loans of Phila. Nat'l. Bank (P.N.B.) in Which P.N.B. participates under written agreement.  
From Loan Records of P.N.B.

Borrower (continued)	Original Loan		Participating Banks		Amount Owing		P.N.B. Participa- tion
	Am't.	Rate of Interest	Bank	Am't.	Date	Total	
			Huntington N/B of Columbus	\$ 1,000,000 00			
			Marine Nat'l. Exch. Bk.	1,000,000 00			
			Seattle First N/B	1,000,000 00			
			Society N/B of Cleveland	1,000,000 00			
			Toledo Tr. Co.	1,000,000 00			
			Union Planters N/B	1,000,000 00			
			Wachovia Bk. & Tr.	1,000,000 00			
			Zions First N/B	1,000,000 00			
			Atlantic N/B of Jacksonville	750,000 00			
			Commerce Tr. Co.	750,000 00			
			First N/B of Louisville	750,000 00			
			First N/B & Tr. Co., Oklahoma City	750,000 00			
			Iowa-Des Moines N/B	750,000 00			
			Nat'l. Bk. of Commerce in Minneapolis	750,000 00			
			City N/B & Tr. Co.	600,000 00			
			Bank of Lansing	500,000 00			
			Chicago N/B	500,000 00			
			First Amer. N/B	500,000 00			
			First N/B, Kansas City	500,000 00			
			First N/B of Madison	500,000 00			
			First N/B of Omaha	500,000 00			
			Hibernia N/B in New Orleans	500,000 00			
			Industrial Bank of Commerce	500,000 00			
			Lincoln N/B & Tr.	500,000 00			
			Lincoln N/B & Tr. of Central N.Y.	500,000 00			
			Nat'l. Bk. of Commerce of Houston	500,000 00			
			N/B of Tulsa	500,000 00			
			Winters N/B & Tr.	500,000 00			
			First N/B in St. Petersburg	425,000 00			
			Amarillo N/B	350,000 00			
			The Dania Bank	350,000 00			
			Rock Island Bk. & Tr.	330,000 00			
			Commercial N/B of Peoria	300,000 00			
			Northwest Security N/B of Sioux Falls	300,000 00			
			Northern Bk. & Tr. Co.	300,000 00			
			Continental Bk. & Tr.	250,000 00			
			Deposit Guaranty Bk. & Tr.	250,000 00			
			First N/B & Tr. of Racine	250,000 00			
			Illinois N/B & Tr.	250,000 00			
			Marine Midland Tr. of Central N.Y.	250,000 00			
			American Bk. & Tr.	200,000 00			
			First Continental N/B & Tr.	200,000 00			
			Fourth N/B & Tr.	200,000 00			
			Northside Bank	200,000 00			
			Second N/B of Richmond	200,000 00			



[fol. 5864]

Loans of Phila. Nat'l. Bank (P.N.B.) in Which P.N.B. participates under written agreement.  
From Loan Records of P.N.B.

Borrower (continued)	Am't	Rate of Interest	Original Loan		Amount Owing		
			Participating Banks		Date	Total	P.N.B. Participa- tion
			Bank	Am't			
			West Racine Bank	\$ 180,000.00			
			First N/B & Tr. Fargo	150,000.00			
			Security Tr. & Savings Bank	125,000.00			
			Burlington Bk. & Tr. Co.	120,000.00			
			Citizens N/B	100,000.00			
Milwaukee, Wisc.	\$ 3,000,000.00	5 3/8% (5/12/60)	First Wisconsin N/B of Milwaukee	\$ 2,100,000.00	5/11/61	\$ 2,500,000.00	\$ 250,000.00
			Phila. N/B (P.N.B.)	300,000.00			
			Harris Tr. & Savings Bank	300,000.00			
Corp. Camden, N. J.	900,000.00	1/2 above prime rate. Min. 5%; Max. 6% (8/31/60)	Sears Bk. & Tr.	300,000.00	5/11/61	819,200.00	364,000.00
			First Camden N/B & Tr.	500,000.00			
			Phila. N/B (P.N.B.)	400,000.00			
Corp. Covington, Ky.	1,025,000.03	5 1/4% (11/30/60)	Berks Tr. Co.	80,078.10	5/11/61	994,970.73	272,062.16
			Broad St. Tr. Co.	104,101.51			
			Girard Tr. Corn Exch. Bk.	280,273.50			
			First Penna. Banking & Tr.	280,273.42			
			Phila. N/B (P.N.B.)	280,273.50			
Corp. Decatur, Ala.	25,000,000.00	4 1/2% (4/3/57)	J. P. Morgan & Co.	4,760,000.00	5/11/61	10,000,000.00	1,904,000.00
			Chase Manhattan Bank	4,760,000.00			
			Hanover Bank	4,760,000.00			
			First N/B City Bk. of N. Y.	4,760,000.00			
			Phila. N/B (P.N.B.)	4,760,000.00			
			Wachovia Bk. & Tr.	4,760,000.00			
			Florida N/B of Jacksonville	1,000,000.00			
Inc. St. Paul, Minn.	16,000,000.00	5% (4/1/60)	Bankers Tr. Co.	200,000.00	5/11/61	9,651,543.62	603,221.43
			Chase Manhattan Bk.	3,000,000.00			
			First Nat'l. City Bk. of N. Y.	3,000,000.00			
			Continental Ill. N/B & Tr. Co. of Chi.	2,000,000.00			
			Wells Fargo Bk. American Tr. Co.	2,000,000.00			
			Manufacturers' Tr.	1,000,000.00			
			Phila. N/B (P.N.B.)	1,000,000.00			
			Girard Tr. Corn Exch. Bank	750,000.00			
			Pacific N/B of Seattle	250,000.00			

[fol. 5865]

Loans of Philadelphia Nat'l. Bank in Which P.N.B. Participates under Written Agreement  
From Loan Records of P.N.B.

Borrower	Original Loan		Participating Banks		Amount of Increased Participation	Amount Owing		
	Amount	Rate of Interest	Bank	Am't		Date	Total	P.N.B. Participation
New York City	\$148,000,000 00	RC. Prime Rate date of borrowing of any two of the following N. Y. Banks: Guaranty Trust—First Nat'l. City Bk.—Chase Manhattan which have same prime rate, or if all three such banks have different prime rates—The middle rate	Guaranty Trust Co. of New York	\$15,000,000 00	(1)\$2,560,000 00	5/11/61	\$144,800,000 00	\$1,112,000 00
			First Nat'l. Bank of New York	15,000,000 00	2,135,000 00			
			The Chase Manhattan Bank	15,000,000 00	2,135,000 00			
			Bankers Trust Company	14,500,000 00	2,060,000 00			
			The Hanover Bank, N. Y.	10,000,000 00	1,420,000 00			
			The N. Y. Trust Company	8,000,000 00	(2)1,140,000 00			
			Manufactures Trust Company	3,000,000 00	425,000 00			
			J. P. Morgan & Co., Inc.	3,000,000 00				
			The Bank of New York	1,000,000 00	140,000 00			
			Brown Brothers, Harriman & Co.	750,000 00	110,000 00			
			Fidelity-Baltimore Nat'l. Bank	750,000 00	(3)110,000 00			
			The First Nat'l. Bank, Boston	2,500,000 00	355,000 00			
			Second Bank State Street Trust (Boston)	750,000 00	(4)110,000 00			
			Continental Ill. N.B. & T. Comp. of Chicago	2,500,000 00	355,000 00			
			Harris Trust and Savings Bank (Chicago)	2,500,000 00	355,000 00			
			First Nat'l. Bank of Chicago	2,500,000 00	355,000 00			
			Cleveland Trust Company	1,250,000 00	175,000 00			
			Society Nat'l. Bank of Cleveland	750,000 00	110,000 00			
			Union Commerce Bank	750,000 00	110,000 00			
			Detroit Bank & Trust Company	1,500,000 00	210,000 00			
			Nat'l. Bank of Commerce of Houston	750,000 00	110,000 00			
			Texas Nat'l. Bank, Houston, Tex.	750,000 00	110,000 00			
			California Bank, of Los Angeles	1,000,000 00	140,000 00			
			Security First Nat'l. Bank of L. A.	1,250,000 00	175,000 00			
			The Florida Nat'l Bank & Tr. of Miami	750,000 00	110,000 00			
			The First Nat'l. Bank of Miami	750,000 00	110,000 00			
			The Hibernia Nat'l. Bank in New Orleans	500,000 00	70,000 00			
			Girard Trust Corn Exchange	1,250,000 00	175,000 00			
			Philadelphia Nat'l. Bank	1,000,000 00	140,000 00			
			Mellon Nat'l Bank & Trust Co. (Pitts.)	6,000,000 00	850,000 00			
			The First Nat'l. Bank of Oregon	750,000 00	110,000 00			
			The First Nat'l. Bank in St. Louis	750,000 00	110,000 00			
			American Trust Company	3,000,000 00	(5)425,000 00			
			Crocker-Ango Nat'l. Bank (S.F.)	2,500,000 00	355,000 00			
			Bank of Amer. Nat'l. Trust & Sav. Ass. (S.F.)	2,500,000 00	355,000 00			
			Nat'l. Bank of Commerce of Seattle	750,000 00	110,000 00			
			The Pacific Nat'l Bank of Seattle	750,000 00	110,000 00			
			Seattle First Nat'l. Bank	2,500,000 00	355,000 00			
			The Riggs Nat'l. Bank (Wash. D.C.)	1,500,000 00	210,000 00			
			Total	\$130,000,000 00	\$18,500,000 00			

(1) Morgan Guaranty Trust Co. of N. Y.

(2) Commercial Bank N. Y. Trust Co.

(3) Baltimore Nat'l. Bank

(4) State Street Bank and Trust Co. (Boston).

(5) Wells Fargo Bank American Trust Co. (San Francisco)

(fol. 5866)

## Loans of Phila. Nat'l Bank (P.N.B.) in Which P.N.B. participates under written agreement

Borrower	Am't	Rate of Interest	From Loan Records of P.N.B.		%	Amount Owing		
			Original Loan	Participating Banks		Date	Total	P.N.B. Participation
Melbourne, Fla.	\$ 5,000,000.00	1% above Prime Rate at all times (7/25/60)	Phila. N/B (P.N.B.) Wells Fargo Bk. Amer. Tr. Co. Atlantic N/B of Jacksonville First N/B of Orlando	\$ 2,000,000.00 1,500,000.00 1,000,000.00 500,000.00		5/11/61	\$ 1,900,000.00	\$ 760,000.00
New York, N. Y.	75,000,000.00	Prime Rate (Marine Midland) Tr.—Date of Borrowing) (8/29/58)	Marine Midland Tr. of N.Y. Bk. of Amer. Nat'l Tr. & Savings Ass'n. First N/B of Chicago Hanover Bank Nat'l Bank of Detroit Security First N/B (Los Angeles) American Tr. Co. (San Francisco) Harris Tr. & Savings Bk. Peoples First N/B & Tr. Co. Phila. N/B (P.N.B.) Fifth Third Union Tr. Co. Central Tr. Co. (Cincinnati) Federation Bk. & Tr. Co. Liberty N/B & Tr. Co. of Louisville Continental Ill. N/B & Tr. of Chi.	10,000,000.00 17,000,000.00 13,500,000.00 5,000,000.00 5,000,000.00 5,000,000.00 2,250,000.00 2,250,000.00 2,250,000.00 1,500,000.00 1,250,000.00 1,000,000.00 1,000,000.00 500,000.00 7,500,000.00		5/11/61	67,500,000.00	1,350,000.00
Phila., Pa.	40,000,000.00	3 3/4% and 3 1/2% (5/1/56)	Chase Manhattan Bank Hanover Bank Bankers Tr. Co. First Penna. Banking & Tr. Co. Phila. N/B (P.N.B.)	20,000,000.00 6,000,000.00 5,000,000.00 4,000,000.00 5,000,000.00		2,125,000	21,250,000.00	2,656,250.00



(fol. 5867)

## Loans of Phila. Nat'l Bank (P.N.B.) in Which P.N.B. participates under written agreement

From Loan Records of P.N.B.

Borrower	Am't	Rate of Interest	Original Loan			Amount Owng		
			Participating Banks					
			Bank	Am't	%	Date	Total	P.N.B. Participation
Chicago, Ill.	\$130,000,000.00	1/4 Above Prime— N.Y.—Date of Borrowing (12/20/57)	First Nat'l City Bk. of N.Y.	\$35,750,000.00	27.5			
			Continental Ill. N/B & Tr. Co. of Chi.	18,200,000.00	14.0			
			Bank of America Nat'l Tr. & Savings	6,500,000.00	5.0			
			Chemical Corn Exchange Bank	6,500,000.00	5.0			
			Mellon N/B & Tr. Co.	6,500,000.00	5.0			
			Security-First N/B	6,500,000.00	5.0			
			Chase Manhattan Bk.	6,500,000.00	5.0			
			First N/B of Chicago	6,500,000.00	5.0			
			Harris Tr. & Savings Bk.	3,250,000.00	2.5			
			First N/Bk of Boston	3,250,000.00	2.5			
			Northern Tr. Co.	3,250,000.00	2.5			
			Phila. N/B (P.N.B.)	3,250,000.00	2.5			
			Wells Fargo Bank	3,250,000.00	2.5			
			Crocker-Anglo N/B	2,600,000.00	2.0			
			American Tr. Co.	1,300,000.00	1.0			
			California Bank	1,300,000.00	1.0			
			First Wisconsin N/B of Milwaukee	1,300,000.00	1.0			
			Cleveland Tr. Co.	1,300,000.00	1.0			
			First N/B of Portland	1,300,000.00	1.0			
			Nat'l City Bk. of Cleveland	1,300,000.00	1.0			
			Bankers Tr. Co.	975,000.00	.75			
			Bishop N/B of Hawaii	650,000.00	.5			
			Citizens Nat'l Tr. & Savings Bk. of L.A.	650,000.00	.5			
			First Security Bk. of Utah Nat'l Ass'n.	650,000.00	.5			
			Hartford N/B & Tr. Co.	650,000.00	.5			
			Denver N/B	650,000.00	.5			
			First N/B of Denver	650,000.00	.5			
			Mfgs. N/B of Detroit	650,000.00	.5			
			N/B of Commerce of Seattle	650,000.00	.5			
			N/B of Washington	650,000.00	.5			
			Omaha N/B	650,000.00	.5			
			Pacific N/B of Seattle	650,000.00	.5			
			U.S. N/B of Denver	650,000.00	.5			
			U.S. N/B of Portland	650,000.00	.5			
			City N/B & Tr. Co. of Chicago	325,000.00	.25			
			Iowa-Des Moines N/B	325,000.00	.25			
			Peoples N/B of Washington	325,000.00	.25			

By amendment  
11/30/60 the total  
of the above loan  
was increased to  
\$165,000,000.00

5/11/61 \$86,000,000.00 \$2,275,000.00

By amendment 11/30/60 this loan was increased from \$130,000,000 to \$165,000,000 the additional amount to be participated in by the same banks and on the same percentage as shown.  
The total balance owing as of 5/11/61 and P.N.B.'s participation as of 5/11/61 is therefore based on the \$165,000,000 loan.

[fol. 5868]

Loans of Phila. Nat'l. Bank (P.N.B.) in Which P.N.B. participates under written agreement.  
From Loan Records of P.N.B.  
Original Loan

Borrower	Am't.	Rate of Interest	Participating Banks		Amount Owing		
			Bank	Am't.	Date	Total	P.N.B. Participation
Chi., Ill.	\$20,000,000.00	$\frac{1}{4}$ above Prime rate at Mellon N/B (1/20/60)	Mellon N/B & Tr. Continental Ill. N/B & Tr. of Chi. First Nat'l City Bk. of N.Y. Morgan Guaranty Tr. First N/B of Chicago Bk. of America Nat'l. Tr. & Savings Ass'n California Bank Nat'l. City Bk. of Cleveland Northern Tr. Co. Security First N/B Wells Fargo Bank City N/B & Tr. Co. of Chicago First N/B of Birmingham Phila. N/B (P.N.B.) Republic N/B of Dallas U.S. Tr. Co. of N.Y. Colorado N/B.	\$6,300,000.00 6,300,000.00 5,850,000.00 5,850,000.00 2,700,000.00 1,800,000.00 1,800,000.00 1,800,000.00 1,800,000.00 1,800,000.00 1,800,000.00 1,350,000.00 1,350,000.00 1,350,000.00 1,350,000.00 1,350,000.00 450,000.00	5/11/61	\$30,800,000.00	\$ 924,000.00
N.Y.C.	14,000,000.00	$\frac{1}{2}$ % above prime—Mfgs Tr. N.Y. Max. 6% Min. 4% (9/30/60)	Manufacturers Tr. Co. Phila. N/B (P.N.B.)	9,000,000.00 5,000,000.00	5/11/61	8,600,000.00	3,100,000.00
Phila., Pa.	20,000,000.00	Prime rate plus $\frac{1}{2}$ but not under 4 or over 5 (6/30/59)	Bankers Tr. Co. Chase Manhattan Bank First N/B of Chicago Phila. N/B (P.N.B.) Girard Tr. Corn Ex. Bk. Second Bank-Street Tr. Co. Central Penn N/B of Phila. Fidelity Phila. Tr. Co. First N/B in St. Louis Lincoln Rochester Tr. Co. Marine Tr. Co. of Western N.Y. Whitney N/B of New Orleans	4,000,000.00 4,000,000.00 3,400,000.00 2,800,000.00 1,600,000.00 1,000,000.00 800,000.00 800,000.00 400,000.00 400,000.00 400,000.00 400,000.00	5/11/61	6,000,000.00	840,000.00
Conshocken, Pa.	5,000,000.00	Prime to 12/31/60 $\frac{1}{2}$ above prime 1/1/61 to 1/4/62 Min. 5 $\frac{1}{4}$ Max. 5 $\frac{1}{4}$ (1/15/60)	Phila. N/B (P.N.B.) Girard Tr. Corn Ex. Fidelity Ph. Tr. Provident Tradesmens Bk. & Tr.	2,000,000.00 1,500,000.00 750,000.00 750,000.00	5/11/61	5,000,000.00	2,000,000.00



[fol. 5869]

## GOVERNMENT'S EXHIBIT 68

Loans of Phila. Nat'l. Bank (P.N.B.) in which PNB permits other banks to Participate—From Loan Records of PNB

Borrower	Amount of Loan	Date	Rate of Interest	Participating Banks	Amount of Participation
Buchanan, Michigan	\$1,000,000.00	5/10/61	4½%	Guarantee Bank & Trust Co., Atlantic City, N. J.	\$200,000.00
Wells Boro, Pa.	750,000.00	5/10/61	5%	Philadelphia National Bank	800,000.00
				First Nat'l. Bk. & Tr. Co., Schuylkill Haven, Pa.	25,000.00
				National Bank of Hamburg, Pa.	25,000.00
				Miners Nat'l. Bank, Shenandoah, Pa.	50,000.00
				Citizens Bank of Freeland, Freeland, Pa.	60,000.00
				McDowell County Nat'l. Bank, Welch, W. Va.	100,000.00
				The Peoples Bank, Denton, Maryland	25,000.00
				The First Nat'l. Bank, Coal Port, Pa.	20,000.00
				The Merchants Nat'l. Bank, Shenandoah, Pa.	25,000.00
				Merchants Nat'l. Bank, Bangor, Pa.	50,000.00
				New Tripoli Nat'l. Bank, New Tripoli, Pa.	35,000.00
				The Belmar-Wall Nat'l. Bk., Belmar, N. J.	50,000.00
				The Kishacoquillas Valley Nat'l. Bank, Belleville, Pa.	25,000.00
				The Schuylkill Trust Co., Pottsville, Pa.	100,000.00
				Peoples Safe Deposit Bank, Saint Clair, Pa.	37,500.00
				Philadelphia National Bank, Phila., Pa.	122,500.00
				First Nat'l. Bank & Trust Co., Pausboro, N. J.	50,000.00
				The Peoples Bank of Denton, Denton, Md.	25,000.00
				The Merchants Nat'l. Bank, Bangor, Pa.	50,000.00
				The First Nat'l. Bank, Coal Port, Pa.	20,000.00
				New Tripoli Nat'l. Bank, New Tripoli, Pa.	35,000.00
				First National Bank & Trust Co., Schuylkill, Pa.	25,000.00
				McDowell Co. Nat'l. Bank, Welch, West Va.	100,000.00
				Citizens Bank of Freeland, Freeland, Pa.	50,000.00
				Belmar-Wall Nat'l. Bank, Belmar, N. J.	50,000.00
				Kishacoquillas Valley Nat'l. Bank, Bellville, Pa.	25,000.00
				National Bank of Hamburg, Hamburg, Pa.	25,000.00
				Philadelphia Nat'l. Bank, Phila., Pa.	45,000.00
Baltimore 1, Maryland	500,000.00	5/10/61	5%		

[fol. 5870]

## Loans of Phila. Nat'l. Bank (P.N.B.) in which PNB permits other banks to Participate—From Loan Records of PNB

Borrower	Amount of Loan	Date	Rate of Interest	Participating Banks	Amount of Participation
Phila. Nat'l. Bank Bldg., Phila., Pa.	\$55,000.00	5/10/61	4½%	North Hampton County Trust Bank, Cape Charles, Va.	\$25,000.00
Atlantic City, N. J.	694,642.88	5/10/61	4½%	Philadelphia Nat'l. Bank, Phila., Pa.	30,000.00
				Merchants Nat'l. Bank, Shenandoah, Pa.	40,000.00
				Citizens Bank, Freeland, Pa.	50,000.00
				First Nat'l. Bank, Pompano Beach, Fla.	90,000.00
				First Nat'l. Bank, Cochranton, Pa.	10,000.00
				Miners Nat'l. Bank, Shenandoah, Pa.	50,000.00
				McDowell County Nat'l. Bank, Welch, West Va.	100,000.00
				Millville Nat'l. Bank, Millville, N. J.	100,000.00
				First Nat'l. Bank, Mt. Vernon, N. Y.	150,000.00
				First Nat'l. Bank, Milford, Pa.	30,000.00
				Edge Water Nat'l. Bank, Edge Water, N. J.	50,000.00
				Swineford Nat'l. Bank, Middleburg, Pa.	20,000.00
				Philadelphia Nat'l. Bank	4,642.88
Philadelphia Nat'l. Bank Bldg., Phila., Pa.	200,000.00	5/10/61	4½%	First Nat'l. Bank of Milford, Pa.	25,000.00
				Marine Nat'l. Bank, Wild Wood, N. J.	10,000.00
				First Nat'l. Bank, Cochranton, Pa.	10,000.00
				First Nat'l. Bank, Carteret, N. J.	25,000.00
				Citizens Bank, Freeland, Pa.	50,000.00
				Farmers State Bank of Dalmatia, Pa.	20,000.00
				First Nat'l. Bank Elizabethville, Pa.	15,000.00
				Citizens Nat'l. Bank, Newport, Pa.	20,000.00
				Northampton County Trust Bank, Cape Charles, Va.	20,000.00
				Philadelphia Nat'l. Bank, Phila., Pa.	5,000.00
Pleasantville, N. J.	119,000.00	5/10/61	4½%	First National Bank, Mt. Vernon, N. Y.	100,000.00
Chairman of The Board Phila., Pa.	125,039.18	5/10/61	4½%	Philadelphia Nat'l. Bank, Phila., Pa.	19,000.00
				Edgewater Nat'l. Bank, Edgewater, N. J.	50,000.00
				Salem Nat'l. Bank and Trust Co., Salem, N. J.	50,000.00
				First Nat'l. Bank, Mt. Joy, Penna.	25,000.00
				Philadelphia Nat'l. Bank, Phila., Pa.	39.18
[fol. 5871]					
Bryn Mawr, Pa.	\$850,000.00	5/10/61	5%	Pitman National Bank, Pitman, N. J.	\$50,000.00
				Perth Amboy National Bank, Perth Amboy, N. J.	100,000.00
				First National Bank, Mt. Vernon, N. J.	200,000.00
				Guarantee Bank & Trust, Atlantic City, N. J.	200,000.00
				Farmer State Bank, Dalmatia, Pa.	25,000.00
				Penns Grove Nat'l. Bank & Tr. Co., Penns Gr., N. J.	80,000.00
				First National Bank, Pompano Beach, Fla.	90,000.00
				Northampton County Trust Bank, Cape Charles, Va.	25,000.00
				Lewisburg Trust Co., Lewisburg, Pa.	25,000.00
				First National Bank, Riverside, N. J.	50,000.00
				Philadelphia Nat'l. Bank, Phila., Pa.	5,000.00
				Merchants National Bank, Bangor, Pa.	50,000.00
				State Bank, Dalmatia, Pa.	10,000.00
				Guarantee Bank & Trust Co., Atlantic City, N. J.	100,000.00
				First Nat'l. Bank, Coudersport, Pa.	20,000.00
				First Nat'l. Bank, Mt. Vernon, New York	200,000.00
				Millville Nat'l. Bank, Millville, N. J.	25,000.00
				First Nat'l. Bank, Pompano Beach, Fla.	90,000.00
				Bank of Levittown, Levittown, N. J.	50,000.00
				Philadelphia Nat'l. Bank, Phila., Pa.	59,000.00
New Bedford, Mass.	604,000.00	5/11/61	4½%		

[fol. 5872]

## GOVERNMENT'S EXHIBIT 69

Commercial Loans in which Girard Trust Corn Exchange Bank (Girard) participates with other banks on basis of written agreement between Borrower and Participating Banks.  
From Girard's loan records.

Borrower	Original Loan		Participating Banks		Current Status of Girard's Participation	
	Am't.	Rate of Interest	Bank	Am't.	Date	Amount
New York City	\$10,000,000.00	½% above prime. Min. 4% Max. 5% Currently 5%	First Nat'l. City Bank of New York..... Chase Manhattan Bank..... Irving Tr. Co..... Girard Tr. Corn Exch. Bank.....	3,000,000.00 3,000,000.00 2,000,000.00 2,000,000.00	5-17-61	\$1,850,000.00
Detroit, Mich.	(1-24-57) \$60,000,000.00	Prime at N/B at Detroit 6 business days prior to borrowing Currently 4½%	N/B of Detroit..... Continental Ill. N/B & Tr. Co. of Chi..... Northern Tr. Co., Chicago..... Bk. of America Nat'l. Tr. & Savings, San Frans..... Bankers Tr. Co., New York..... Chase Manhattan Bk..... Detroit Bank & Tr. Co..... Security First N/B, Los Angeles..... Manufacturers N/B of Detroit..... First N/B of Boston..... First N/B in Dallas..... First Nat'l. City Bank of N. Y..... First N/B in St. Louis..... Lincoln Rochester Tr., Rochester..... Mfgs. Tr. Co., New York..... American Tr. Co., San Francisco..... Cleveland Tr. Co..... First N/B of Atlanta..... First Pa. Banking & Tr. Co., Phila..... Genesee Valley Union Tr., Rochester..... Girard Tr. Corn Ex., Phila..... Hanover Bank, New York..... Harris Tr. & Savings Bk., Chicago..... Mellon N/B & Tr., Pitts..... Phila. N/B..... Bank of Commonwealth, Detroit..... California Bank, Los Angeles..... Chemical Corn Ex., New York..... First Western Bk. & Tr., San Francisco.....	4,500,000.00 3,500,000.00 3,500,000.00 3,000,000.00 3,000,000.00 3,000,000.00 3,000,000.00 3,000,000.00 2,500,000.00 2,000,000.00 2,000,000.00 2,000,000.00 2,000,000.00 2,000,000.00 2,000,000.00 2,000,000.00 1,500,000.00 1,500,000.00 1,500,000.00 1,500,000.00 1,500,000.00 1,500,000.00 1,500,000.00 1,500,000.00 1,500,000.00 1,500,000.00 1,500,000.00 1,000,000.00 1,000,000.00 1,000,000.00 1,000,000.00	5-17-61	840,000.00
	(8-15-58)					



[fol. 5873]

Commercial Loans in which Girard Trust Corn Exchange Bank (Girard) participates with other banks on basis of written agreement between Borrower and Participating Banks.  
From Girard's loan records.

Borrower	Original Loan		Participating Banks		Current Status of Girard's Participation	
	Am't.	Rate of Interest	Bank	Am't.	Date	Amount
Phila., Pa.	\$2,500,000.00	4½%	Phila. N/B.....	\$681,750.00		
(4-13-55)			First Pa. Broking & Tr.....	454,500.00		
			Girard Tr.-Corn Ex. Bank.....	454,500.00	5-17-61	\$90,900.00
			Fidelity Phila. Tr.....	227,250.00		
			Central Penn N/B of Phila.....	227,250.00		
			Tradesmen's Bank & Tr. Co.....	227,250.00		
			First N/B of Phila.....	113,750.00		
			Provident Tr. Co. of Phila.....	113,750.00		
Phila., Pa.	6,000,000.00	¼% above prime in Phila.	Phila. N/B.....	1,500,000.00		
		Min. 3½%	First Pa. Banking & Tr. Co.....	1,500,000.00	5-17-61	951,164.30
		Max. 4½%	Girard Tr. Corn Exch. Bk.....	1,500,000.00		
		Currently 4½%	Fidelity Phila. Tr. Co.....	1,000,000.00		
			Central Penn N/B.....	500,000.00		
Phila., Pa.	(10-1-58) 3,300,000.00	½% above prime.	Girard Tr. Corn Exch. Bk.....	1,650,000.00	5-17-61	1,100,000.00
		Min. 3%	Fidelity Phila. Tr. Co.....	1,650,000.00		
		Max. 4%				
	(7-11-55)	subsequent amendment changed rate of interest currently 4½%				
Covington, Kent.	1,100,000.00	1% above prime.	Girard Tr. Corn Exch. Bk.....	440,000.00	5-17-61	272,062.36
		Min. 5%	Phila. N/B.....	440,000.00		
		Max. 5¾%	Broad St. Tr. Co.....	220,000.00		
		currently 5¼%				
Phila., Pa.	(12-21-59) \$750,000.00	6%	Girard Tr. Corn Exch. Bank.....	375,000.00	5-17-61	375,000.00
	(6-30-60)		Franklin N/B of Franklin Sq., N. Y.....	375,000.00		
Jenkintown, Pa.	\$400,000.00	1½% above Prime.	Girard Tr. Corn Exch. Bank.....	\$150,000.00	5-18-61	\$58,000.00
		Min. 5%	First Pa. Banking & Tr.....	150,000.00		
	(3-1-60)		Jenkintown Bank & Tr.....	100,000.00		
	This commitment cancelled 4-24-61					
Lancaster, Pa.	500,000.00	1% above prime.	Lancaster Co. N/B, Lancaster, Pa.....	200,000.00	5-18-61	149,848.49
		currently 5½%	Girard Tr. Corn Exch.....	300,000.00		
	(5-31-60)					

[fol. 5874]

[Vol. 5875]

Commercial Loans in which Girard Trust Corn Exchange Bank (Girard) participates with other banks on basis of written agreement between Borrower and Participating Banks.  
From Girard's loan records.

Borrower	Original Loan		Participating Banks		Current Status of Girard's Participation	
	Am't.	Rate of Interest	Bank	Am't.	Date	Amount
(Maturity Ledger Card Seen) New York, N. Y. Trenton, N. J. (Wholly owned subsidiary of	10,000,000.00 (as of Rider #4 dated June 10, 1960 amount changed to 12,000,000.00)	1/2 of 1% above Prime effective 25th of the month on prime rate at close of such month Max. 4 1/2% Min. 3 1/2% Currently 5% (Demand Loan)	First Nat'l. Bank of Boston (Agent) 1st Penna. Bkg. & Tr. Co. Phila., Pa. Girard The Phila. Nat'l. Bk., Phila., Pa.	25% 25% 25% 25%	5/15/61	2,431,623.57
(Maturity Ledger Card Seen) Phila., Penna.	(Orig. agreement 4/19/56) 10,000,000.00- (16 installments)	1/2 of 1% per annum above Prime. Max. 5 1/2% Min. 4 1/2% Currently 5%	1st. Penna. Bkg. & Tr. Co., Phila., Pa. Chase Manhattan Bk., N. Y. Girard Fidelity-Phila. Tr. Co.	3,500,000.00 2,500,000.00 2,500,000.00 1,500,000.00	5/17/61	2,343,750.00
(Maturity Ledger Card Seen) Baltimore, Md.	(Agreement 12/23/60) 4,000,000.00	1/2 of 1% above Prime (N. Y.) Max. 5% Min. 4% Currently 5%	Mfrs. Tr. Co., New York, N. Y. 1st Nat'l. Bk. of Boston Girard The New York Tr. Co. Union Trust Co. of Md., Balt., Md. Harvard Tr. Co., Cambridge, Mass.	1,550,000.00 750,000.00 500,000.00 500,000.00 500,000.00 200,000.00	5/17/61	500,000.00
(Maturity Ledger Card Seen) Pennsburg, Pa.	20,515,500.00	3/4 of 1% above Prime Min. 4 3/4% Max. 6% Currently 5 1/4%	(Agreement 10/15/58) 1st Camden (N. J.) Nat'l. Bk. & Tr. Fidelity-Phila. Trust Co. Chase Manhattan Bk., N. Y. C. Manufacturers Trust Co., N. Y. C. Girard Montgomery Co. Bank & Trust Co. 1st Nat'l. Bk. of Allentown, Pa. Merchants Nat'l. Bk. of Allentown Berks County Trust Co. 1st Nat'l. City Bk. of New York American Fletcher-Indianapolis Merchants Nat'l. Bk. & Tr. Co. 1st Nat'l. of Jersey City Industrial Trust Co., Phila. Detroit Bk. & Trust Co. Miners Nat'l. Bk. of Wilkes Barre Lehigh Valley Trust Co. Indiana Nat'l. Bk. of Indianapolis Total	(Max.) 250,000.00 3,500,000.00 3,500,000.00 3,500,000.00 2,500,000.00 750,000.00 500,000.00 300,000.00 1,000,000.00 500,000.00 1,000,000.00 500,000.00 500,000.00 350,000.00 1,000,000.00 300,000.00 200,000.00 1,000,000.00 21,150,000.00*	5/17/61	2,275,000.00

\* Maximum amount of loan authorized was \$21,150,000 of which \$20,515,500 had actually been loaned as of 5/17/61.



[fol. 5876]

Commercial Loans in which Girard Trust Corn Exchange Bank (Girard) participates with other banks on basis of written agreement between Borrower and Participating Banks.  
From Girard's loan records.

Borrower	Original Loan				Current Status of Girard's Participation	
	Am't.	Rate of Interest	Participating Banks	Am't.	Date	Amount
(Maturity Ledger Card Seen) New York	1,000,000.00	5 1/4% P.A. until Maturity and 6% thereafter currently same.	The Bank of New York Girard	500,000.00 500,000.00	5/17/61	500,000.00
(Maturity Ledger Card Seen) (Agreement signed by Additional Loans to be made by Banks under terms of orig. agreement on or prior to 6/1/61 & entered 3/15/61. Phila., Pa.	(Agreement 3/7/61) 700,000.00	Same as above	The Bank of New York	350,000.00	5/18/61	500,000.00
	(Agreement 3/7/61) 300,000.00	Currently same.	Girard	350,000.00		
		Same as above	The Bank of New York	150,000.00		
(Maturity Ledger Card Seen)	2,000,000.00	3 3/4% per annum on 365 days basis payable monthly currently same	Tradesmens Land and Title Bk. & Tr. Co., Phila., Pa. Girard Phila. Nat'l. Bank Central Penn. Nat'l. Bank	500,000.00 500,000.00 500,000.00 500,000.00	5/18/61	175,000.00

Original agreement was signed on 6/24/54 between only and Tradesmens. Further agreement attached and dated 6/25/54 between the four Banks that they will participate but amount of each not spelled out. Attached to agreements is a photostatic copy of a resolution adopted at a regular meeting of the Board of Directors of held on 3/23/54. This resolution spells out that will be permitted to enter into the loan from the above named Banks and that the total participation of such Bank will be a maximum of \$500,000.



[fol. 5877]

## GOVERNMENT'S EXHIBIT 70

February 7, 1957.

## Memorandum

To: Mr. J. M. Johnston, Senior Vice President

From: O. H. Beadle

You have asked me to review policy areas for which I am responsible, to wit: branch development, particularly concerning the expansion of our branch system, the desirability of mergers in Philadelphia and across county lines, the type of business that might be expected to be derived from branch expansion, personnel, capital expenditures involved, and other matters pertaining thereto.

It seems hardly necessary, in view of the many predictions of continued economic growth by economists, governmental agencies and other individuals and groups who have studied the trends to go into the statistics and figures supporting these predictions. As a springboard for this report, however, it might be well to show general figures concerning population estimates which have been the basis for many of these forecasts of economic growth.

The United States Census Bureau, in its official publication, "Population Estimates", estimated that the population of the United States will increase from 151,000,000 in 1950 to 173,000,000 in 1960 and 198,000,000 in 1975, representing percentage increases of some 14 per cent from 1950 to 1960 and 30 per cent from 1950 to 1975. Not only will the impact of this growth on various parts of the country be quite different, but its impact on our area will also vary. From our standpoint, therefore, its effect upon the Philadelphia-Metropolitan area and the banking potential it generates is of principal importance.

Within the past twenty-six years, Philadelphia and the contiguous counties of Montgomery, Delaware and Bucks have grown in population and developed commercially, industrially and residentially. However, the trend of growth in the contiguous counties has been substantially greater than in Philadelphia. On the other hand, between the census dates of 1940 to 1955, Philadelphia has numerically grown more than any other county in Pennsylvania, increasing by some 140,000, closely followed by Delaware

County with an increase of 103,000. This is indicated by the following statistics which have been obtained from census reports, planning commissions, etc.

	Population—Percentage of Increase			Estimated
	1930-40	1940-50	1950-56	1956
Philadelphia County.....	1.0	7.3	5.1	2,179,000
Delaware County.....	10.9	33.3	25.0	518,200
Montgomery County.....	8.8	22.0	34.0	475,700
Bucks County.....	11.4	34.3	67.0	242,600

[fol. 5878]

	Population—Census			Estimated
	1930	1940	1950	1956
Philadelphia County.....	1,950,961	1,931,334	2,071,605	2,179,000
Delaware County.....	280,264	310,756	414,235	518,200
Montgomery County.....	265,804	289,247	353,068	475,700
Bucks County.....	96,727	107,715	144,620	242,600

Not only has Philadelphia lagged in the percentage rate of population growth, but its industrial and commercial growth has followed this pattern. As a matter of fact, although statistics which have been obtained from various organizations concerned with the development of Philadelphia differ on the question as to whether it is actually losing business and industry, it seems quite clear that the trend has not followed that of the contiguous counties. There are, of course, many reasons for this over-all slow pace, including obsolescence of existing facilities, lack of space for expansion, traffic conditions, and, not the least, the out-migration of middle to high income residents to suburban counties. As a matter of fact, these counties are sometimes called Philadelphia's "bedroom" counties. While this out-migration of middle to high income residents has been more than numerically overcome by new groups, which accounts for Philadelphia's increase in population, many of the in-migrants have been in lower income groups to the extent that the over-all quality of Philadelphia's population is declining both culturally and economically.

Be that as it may, Philadelphia's population is twice that of the combined three contiguous counties, and, more important, is concentrated in an area which is smaller than any one of the three counties. At the same time, there are still some possible growth areas, principally in the far northeast and far southwest with further growth possibilities arising out of the rehabilitation of some of the older

sections of the city which is now under study by responsible groups. Furthermore, as indicated by the following figures published by the Pennsylvania Department of Labor and Industry, Philadelphia has four times more industrial establishments than do all of the contiguous counties combined, two and one-half times more retail establishments, and six times more wholesale establishments.

## Industrial Statistics—1955

County	No. of Plants	No. of Employees	Production Value
Bucks County.....	384	35,541	\$ 590,278,000
Delaware County.....	366	52,916	1,284,040,000
Montgomery County.....	749	65,510	982,363,000
Philadelphia County.....	4,670	323,625	5,003,146,000
	6,169	477,592	\$7,859,827,000

## Retail Statistics—1954

County	No. of Stores	No. of Employees	Sales
Bucks County.....	2,135	7,338	\$ 198,377,000
Delaware County.....	3,812	18,025	445,696,000
Montgomery County.....	4,152	19,268	447,870,000
Philadelphia County.....	25,340	114,917	2,461,538,000
	35,439	159,548	\$3,553,481,000

## Wholesale Trade—1954

County	No. of Establishments	No. of Employees	Sales
Bucks County.....	132	1,326	\$ ,61,985,000
Delaware County.....	335	2,668	174,865,000
Montgomery County.....	538	3,851	317,577,000
Philadelphia County.....	4,943	65,479	6,051,339,000
	5,947	73,324	\$6,605,766,000

[fol. 5879] I. *Factors in Selecting a Branch Site*

There are, of course, many factors involved in selecting a branch area, including population, population trends, employment and wealth characteristics of the population, physical characteristics of the area which may affect its area of influence, the existence of competition, the amount of present business, and other factors. Although any one of these factors may have an important bearing on the eventual selection of a location, the three most important factors are: (a) population, (b) the existence of a focal point, and (c) competition.



### **A. Population**

Population in a broad sense means not only residential population, but also commercial and industrial population or any combination of the three. Adequacy of population depends largely upon the type of business that is to be obtained. For example, retail banking business derived from individuals requires a larger population than business obtained from a combined industrial and commercial population.

Most published articles on branch population requirements use figures ranging from 5,000 to 10,000 persons, the 5,000 figure applying to captive populations such as exist in small towns in rural areas, the higher figure to suburban or urban communities. As a "rule of thumb", we use minimum requirements approximating 13,000 which is based on the experience gained from our own offices.

### **B. Focal Point**

Generally, banks in themselves have little drawing power. On the contrary, the public requires convenience in banking, and it is mostly done as a part of a shopping trip or on the way to or from work, or as part of some other daily occurrence. Therefore, the location that is most convenient to the area as a whole is the one that should be selected. This usually means a shopping center, a transportation point, a department store, a confluence of traffic arteries, or simply a small concentration of service stores. Whatever form it may take, the location must have drawing power sufficient to pull the entire area together, to the extent that it is self-contained or takes on identity as a community, as distinct from simply a place to live or work.

### **C. Competition**

It is profitless, in most cases, to establish a branch, except for defensive purposes, in an area whose needs are adequately served by existing banking facilities. In the past this has been recognized not only by the banks themselves, but by the banking authorities, in that almost everyone took an unofficial attitude that a bank or a branch bank was given a semi-monopoly when it was in, and adequately serving, an area. As a result of the almost frantic effort

to establish branches on the part of many banks and the pressure brought against banking authorities, this semi-monopolistic attitude has been lessened, and many banks have been established in territories already adequately served. This has resulted in not only little likelihood of profit for the new branch, but in actual harm to the existing bank.

The seriousness of new bank competition is not limited to commercial banks. It has only been within the past several years that mutual savings banks have been established in the contiguous counties. Prior to that time, the local bank had no competition for its time deposits, which, compared to Philadelphia banks, are proportionately high. If the mutual savings banks continue to locate across county lines, it is certain to react to the detriment of the local bank.

[fol. 5880] II. *Areas Offering Possibilities of Branch Locations*

With these very briefly described criteria in mind, it might be well for us to consider the general areas offering possible branch locations.

A. *Philadelphia County*

1. *Northeast Philadelphia*—This very large portion of the city's area has such different characteristics that it might be well to consider it in two segments, one being the near northeast, a well developed older section of the city, and two, the far northeast which has had substantial growth since the war, but which, as a whole, is still comparatively undeveloped.

a. *Near Northeast*—The near northeast, that is from Allegheny Avenue to Cottman Street and from Delaware River to roughly Front Street, contains in its lower portions such fully developed older neighborhoods as Bridesburg, Kensington, Richmond, and Tacony and in its upper portion equally well developed, but comparatively new neighborhoods such as Burholme, Castor Gardens, Lawndale, and Mayfair.

The Kensington-Richmond area has offices of the Philadelphia National Bank, the First Pennsylvania Company and the Industrial Trust Company on its perimeter. These

offices are located in the principal retail focal points and provide adequate banking facilities. There are, of course, other locations in which a new branch would undoubtedly provide more convenient banking facilities for the immediate neighborhood, but their areas of influence are so severely limited by well-established, well-located, competitive offices that a new branch would be, at best, a minor success.

The industrial section around Erie Avenue is served by the Tradesmens and Philadelphia National banks, and the areas to the north, viz: Bridesburg, Frankford, Tacony, Wissinoming, etc., are served by our own offices as well as branches of the First Pennsylvania Company, Frankford Trust, Second National, and other types of financial institutions.

The north-central and northwestern portions, which have been developed within the last decade, are more than adequately served by four branches of competitive commercial banks, at least four branches of mutual saving fund societies, and a number of savings and loan associations.

The northwest and west portions have limited banking facilities except for two small commercial banks that have located there. This is so primarily because the section, as a whole, is cut up by both natural and man-made barriers into small pockets. One section that we have been watching for some time is located in a pocket formed by these barriers at the intersection of Roosevelt Boulevard and Adams Avenue. The main office of Sears and Roebuck, a large Sears department store, and two super markets are located here. The population within the general area compares favorably with many of our existing offices, and, in addition, contains a number of heavy industries. Access to this site, however, is hampered by the aforementioned barriers, and it is questionable as to whether it will become sufficiently important as a focal point to overcome the difficulty of access. On the other hand, parts of the area do furnish our Burholme Office and Oxford Office with some good banking business which we might lose if a competitive bank were to locate here. Generally, the over-all near northeast offers little growth possibilities.

b. *Far Northeast*—The far northeast, on the other hand, presents an entirely different picture in that, although

there has been substantial development of all types within the last ten years, it is still comparatively undeveloped. Large tracts of ground held by strong owners indicate almost certain continued development, although the direction and importance of this development is still not defined. [fol. 5881] The City Planning Commission has carefully zoned and planned the entire territory not only for residential purposes, but for industrial and commercial use, some of which is already established. Commercial developments scattered throughout appear, at the moment, to be so limited as to provide for only local retail service to the immediate neighborhood in which they are located.

On the other hand, some of the industrial planning appears to be on a much larger scale, as evidenced by the new development at Roosevelt Boulevard and Comly Street in which a number of very substantial companies have installed large plants. At the same time, the city's plans indicate the possibility of highway development, especially in the east-west directions which presently is inadequate. One of these highways, to be known as Woodhaven Avenue, is contemplated to be a one hundred foot highway running from Huntingdon Valley eastwardly and will intersect principal north and south highways of Bustleton Avenue, Roosevelt Boulevard and Frankford Avenue. Another highway, reported to be an industrial highway, which will run north and south from approximately Adams Avenue at Roosevelt Boulevard northwardly paralleling the railroad line into Bucks County, will intersect Woodhaven Avenue midway between Bustleton Avenue and Roosevelt Boulevard. This suggests, in addition to the already rapid residential development of the area, the possibility for future branch locations. At the moment, two sites have been suggested, one at Roosevelt Boulevard and Comly Street and one at Bustleton Avenue and the proposed Woodhaven Avenue. The one site at Roosevelt Boulevard and Comly Street is proposed to be developed as a small shopping center containing a Food Fair, a Five and Ten, and possibly five or six small retail shops. It is directly across the street from the aforementioned industrial development. However, most of the territory surrounding this site is almost completely undeveloped, and the population density, even within a wide radius, is insufficient, at the moment, to profitably support a branch office. The site on Bustleton

Avenue at Woodhaven Avenue is located about one mile from the Roosevelt Boulevard and Conly Street site midway between the office of the Peoples National Bank of Langhorne in Somerton and the Frankford Trust Company in Bustleton. A one-half mile radius of this particular location contains a population of some 7,700 people which is substantially on the low side. On the other hand, there exists here a small local shopping center consisting of ten or fifteen stores, and a large A & P Super Market affords ample parking. Both areas will undoubtedly continue to develop, the Bustleton area possibly sooner than the Roosevelt Boulevard section, although the Roosevelt Boulevard section may possess more potential for the future. (Since originally writing this report, the Western Saving Fund Society has opened a branch office at Bustleton and Woodhaven Avenues.)

2. *West Philadelphia*—West Philadelphia, as a whole, presents little, if any, potential for possible branch sites. Its prime locations are provided with adequate banking facilities through offices of the Philadelphia National Bank, First Pennsylvania Company, Broad Street Trust Company, Tradesmens, and Central-Penn National Bank. A number of locations have been suggested, to wit: 47th and Pine, 37th and Chestnut, 52nd and Walnut, and 60th and Lancaster, and studies have been made which indicate that the areas of influence surrounding these sites generate only limited potential.

Southwest Philadelphia, an area running the length of Baltimore, Woodland and Elmwood Avenues, in its best sections also has adequate banking facilities provided by the First Pennsylvania Company and the Central-Penn National Bank. Most of the areas served by these offices are fully developed, and additional banking facilities do not appear necessary. Sections of this territory containing limited potential for a branch site exist at 54th and Chester Avenue and at 68th and Elmwood Avenue.

The location at 54th and Chester Avenue is limited to an area of possibly less than a one-half mile radius by existing banking facilities. However, even in these narrow limits, it contains a substantial numerical population of low-middle to low income groups which will generate a moderate supply of retail business.



[fol. 5882] The area surrounding 68th and Elmwood Avenue, which is pocketed by the Baltimore and Ohio Railroad tracks and the Schuylkill River, again, contains a fairly high population density of low-middle to low income groups which should generate a limited amount of retail business.

The extreme southwest portions have been planned and zoned by the city for rehabilitation and development, and certainly this particular area should provide opportunities for a branch location if and when development takes place.

3. *Germantown, Roxborough, Chestnut Hill, etc.*—The Germantown-Chestnut Hill area has adequate facilities provided through the First Pennsylvania Company, Tradesmen's Bank and our own Bank in Germantown, the First Pennsylvania Company in the Pelham section, and the Broad Street Trust Company and the First Pennsylvania Company in the Chestnut Hill area.

The Mount Airy section lying midway between the First Pennsylvania Company's offices in Chestnut Hill and Pelham has been suggested on many occasions as a possible location for a branch site. Studies have indicated that this area is one of very limited potential.

The Chestnut Hill area, although adequately served by two commercial banks and a saving fund society, has repeatedly been suggested for a branch location, and sites have been offered to us on a number of occasions. The difficulty with this location lies in the fact that although the immediate Chestnut Hill area is comparatively small, up until recently it has been the focal point of a wide area encompassing territories north on Germantown Pike and far out along Bethlehem Pike. Rapid growth has taken place in the last decade along both these traffic arteries, and, undoubtedly, as this growth crystallizes in focal points, it will attract banking facilities. As evidence of this trend, branch offices of local banks have been established in Lafayette Hill and Flourtown. In other words, it appears that the Chestnut Hill area will be "decentralized" and become less important.

The Roxborough-Manayunk area is an old well-established community in which the First Pennsylvania Company is solidly entrenched and where the Philadelphia Saving Fund Society plans to open an office. North of this area, along Ridge Avenue toward Conshohocken, residential develop-

ment is taking place narrowly along either side of this road. The general area is pocketed by the Wissahickon Creek on one side and the Schuylkill River on the other with few cross roads. Henry Avenue is being completed as a through street from Hunting Park Avenue to Cathedral Road and will join Ridge Avenue at approximately the Andorra Shopping Center. Although this shopping center since its inception has not appeared to be greatly successful, the possibilities of growth along Henry Avenue and Ridge Pike would indicate that this might become a focal point and worth the risk of a small bank installation.

Another area that has been suggested on several occasions has been in the East Falls section, but again studies indicate that it is of limited potential.

4. *North-Central Philadelphia* (North of Spring Garden Street to City Line from Front Street to the Schuylkill River excluding Germantown, Mount Airy, etc.)—The area north of Spring Garden Street to Lehigh Avenue is almost devoid of banking facilities principally because much of the territory is classified as slum areas. North of Lehigh to city limits the commercial focal points along Broad Street, i.e. Logan, Olney, at Broad and Erie, Fifth and Wyoming, etc. have adequate banking facilities through branches of center city banks. There are, however, a number of less important sections that in varying degrees offer some possibility for low cost operations. One of these sections is at the intersection of Washington Lane and Stenton Avenue, which has grown substantially in the last [fol. 5883] decade, principally along residential lines. Literally thousands of single row and twin dwellings have been built with the only major focal points being at such distances away at Chestnut Hill, Germantown and Ogontz Avenue. Some years ago, an entire city block was purchased for use as a shopping center, and although such retail stores as American Stores, A & P Super Market, Pep Boys, and a state liquor store were established in this shopping center at its inception, the over-all growth since then has been slow. At the same time, the territory overlaps that which is served by the West Oak Lane Office and the Fidelity-Philadelphia Trust Company at Washington Lane and Ogontz Avenue, and to a lesser degree with that served by several mutual savings fund societies and the First

Pennsylvania Company. Thus, its area of influence would be limited by these competitive banks to a relatively small radius, which, nevertheless, has a sufficient population density to support a low cost or service office. (Since originally writing this portion of the report, a Federal Savings & Loan Association announced plans for opening an office in this section.)

Other locations in this general area that have been suggested from time to time are at Wadsworth and Cheltenham Avenue, Broad and 65th Avenue, and at the intersection of Broad and Cheltenham Avenue. All of these suggested locations are even more severely limited in influence and would likewise support only a low cost operation.

5. *South Philadelphia*—At the present time, this area, because of its overall characteristics and the adequacy of its existing banking facilities, affords little opportunity for a branch location except possibly at the site of the proposed Philadelphia Produce Terminal.

In brief, Philadelphia, as a whole, is well banked, and as I see it, there are no prime locations and no "sleepers" in the sense of 22nd and Indiana presently available. On the other hand, some possibility exists for low cost, low profit offices in various sections.

B. *Bucks County*—Bucks County is the fastest growing county percentage-wise in the Philadelphia-Suburban area, but, although it is the largest in area of the contiguous counties, it is the smallest in total population. This could lead to the supposition that it contains the greatest growth potential. This is not necessarily so because, unlike Delaware County and, to a lesser degree, Montgomery County, its location is such that much of Bucks County is at considerable distance from the economic influences affecting area growth. Most of the population increase, which accompanied the substantial industrial growth in the area, has occurred in Lower Bucks County as against Central Bucks which has experienced only moderate growth, and Upper Bucks County which has experienced little growth, both latter sections continuing to have more rural than suburban characteristics.

In Lower Bucks County, banking facilities have kept pace with development through the establishment of branch bank offices in many of the newly developed sections. The growth

in banking facilities is evidenced by the fact that from 1950 to 1956, bank installations in the entire county increased about 45 per cent—almost all in the Lower Bucks County section.

Development in Central Bucks has been considerably less concentrated and certainly less well planned than that which took place in Lower Bucks. It has mushroomed and been so scattered over a very wide territory that its importance, from a banking standpoint, is very limited. Most of it has taken place in sections adjacent to Montgomery and Philadelphia counties in Warminster, Southampton, Horsham, and Warrington Townships and surrounding such focal points as Doylestown, Chalfont and Hatboro, etc. These focal points are well banked, and the result of the development has been to strengthen the potential for existing banks, rather than to provide opportunities for new facilities. [fol. 5884] The Upper Bucks County section is largely rural which, together with its distance from Philadelphia, precludes, at least for the purpose of this report, opportunities for branch banking.

*C. Montgomery County*—Montgomery County likewise has had a sustained period of substantial growth. It is the second largest of the counties, being about one-half the size of Bucks County and twice the size of Delaware County. It contains a population of slightly less than Delaware, but about twice that of Bucks. Its principal population growth has been in areas bordering Philadelphia and accounts for more than one-half of the growth of the entire county. In these sections, open land between radial roads fanning out from Philadelphia have been built up along residential lines with some industrial development along Lancaster Pike and in Fort Washington, Lansdale, North Wales and other scattered sections. The northwest section of the county beyond what might be called the "commuter" area has grown less rapidly. Even in this area, however, such focal points as Pottstown, Lansdale and other points scattered throughout the county have developed both residentially and industrially. Again, however, most of these areas are adequately provided with banking facilities and this growth is simply adding to the potential of the existing facilities rather than providing new opportunities for branch offices.

In those areas in which growth has been concentrated,



banking facilities have kept pace with development as evidenced by the fact that from 1950 to 1956, banking locations have increased some 43 per cent through new branches of local banks.

The Main Line at its principal focal points contains banking facilities at Bala Cynwyd, Wynnewood, Ardmore, Bryn Mawr, and Wayne. Center city banks have filed applications for branches in Haverford and Wayne.

Although there are definite growth indications in the sections surrounding Ambler, Conshohocken, Lansdale, and Norristown, these areas are adequately served by both branches of Philadelphia banks and local institutions. York and Easton Roads is a growth area, which is adequately served at its principal points by the Jenkintown Bank, Abington Bank, the Bank of Old York Road, and branches of Philadelphia banks including a savings bank.

In all of these areas there are sections such as Flourtown, Roslyn, Warminster, and others which seem to have continuing growth potential and which may be worth "risk" offices.

*D. Delaware County*—Delaware County's population like those of the other contiguous counties has shown substantial growth. Although the centers of population in the county remain adjacent to Philadelphia and near the city of Chester, growth has pushed steadily south and westwardly. Probably more important than percentage growth figures, is the fact that the actual numerical population of Delaware County is greater than that of other contiguous counties, and this larger population is contained in an area less than one-half the size of Montgomery County and less than one-third the size of Bucks County.

Delaware County, as a whole, is the most urban of the contiguous counties. This is partially so because of its location in relation to Philadelphia. Almost all of Delaware County is within a radius of eighteen miles of center city Philadelphia as against Montgomery County, only half of which is contained within this same radius, and against Bucks County, none of which is within this radius. Here again, however, banking facilities have kept pace with area growth to an even greater degree than in other counties as evidenced by the fact that from 1950 to 1956, banking offices increased 63 per cent and if approved, but unopened, offices are counted, increased 81 per cent.



[fol. 5885] III. Limited Banking Potential Offered by Economic Growth

As I mentioned at the beginning of this report, although the trend of growth in the country as a whole and the trend in the Philadelphia-Suburban area seems to be upward, the important thing is the impact of this growth upon the areas which are our primary interest. From this standpoint, it is my opinion that the substantial growth that has taken place in the Philadelphia-Suburban area has not resulted, at least for our purposes, in providing real opportunities for profitable branch locations for the following reasons:

1. Where growth has been concentrated to the extent that it has created prime opportunities for branch locations, it has been accompanied by an equal growth in banking facilities.
2. Growth in certain areas has developed around existing facilities and has provided additional potential for these facilities rather than to have created opportunities for new branches.
3. In some areas, limited growth has been scattered over wide sections diffusing the banking potential.
4. Large portions of the over-all territory have been unaffected by economic growth.

On the other hand, while there are no prime locations available, there are certain opportunities that do exist that fall into three general categories.

1. Locations in comparatively undeveloped areas which appear to have potential for future growth, for example, in Flourtown, Ridge and Henry Avenues and others. These may be termed "risk" areas in which some development has taken place, and, although it appears that the trend of growth will continue, the direction and importance of growth potential is not clear.

2. Locations in which there appear to be little growth possibilities, but contain limited banking potential, for example: Old Lancaster Pike and Montgomery Avenue, 68th and Elmwood Avenue, 54th and Chester Avenue. These are areas which, in most cases, are fully developed containing no immediate banking facilities and limited by either natural barriers or by competition.

3. Areas in which there are already adequate banking facilities such as Ardmore and Chestnut Hill in which we have substantial existing business.

#### IV. Costs Involved in Establishing Branches

Locations falling within the first two categories mentioned above would not profitably support a branch office typical of our most recent installations. The profitability of a branch depends upon two over-all factors: (1) the business that can be derived from the area, and (2) the cost involved to service that business. The break-even deposit liability for one of our typical offices a decade ago approximated \$1,000,000. but today approximates \$3,000,000. and is increasing. This increase is caused primarily by rising costs—certainly not the reduction of business.

According to our 1955 profit and loss report applicable to branches, the lowest total operating cost in any of our offices amounted to \$111,000. per year which includes all direct and indirect expense. By taking the lowest figure of each one of the expense categories applied to all of our offices, we have theoretically determined that the lowest possible total operating cost approximates \$85,000. per year. Therefore, [fol. 5886] to be profitable (in the case of limited potential areas) or to hold losses to a minimum (in the case of risk areas) would necessitate facilities from the standpoint of buildings, services and personnel which have been foreign to this Bank. Under these circumstances, there would be required an emphasis on low cost operations to the extent that it may also involve less than full banking facilities and less service. Vault facilities may not be warranted, and if they are then the quality of such facilities may have to be reduced. Protective devices, equipment and furnishings, all would be provided with an eye to cost, and since personnel expenses play such a large part in a profitably operated branch office, the quality and certainly the quantity of such personnel would be affected.

In other words, if we can tailor our costs to fit the circumstances, there are a number of limited potential areas both in Philadelphia and in contiguous counties which would generate sufficient business to be profitable. Undoubtedly, the operating ratio of offices of this type would be fairly high since most of the areas contain residential

characteristics and the business to be obtained would be in the form of small deposit and savings accounts. If numerous offices of this kind were established, our personnel recruitment and training program would have to be stepped up in order to supply an adequate staff.

This brings us down to the point that could well have been the subject of a separate report and that is—our motive for establishing branches. Certainly, we want to establish branches for profit whether that profit takes the form of protecting existing business against competition or through the establishment of offices in areas containing untapped business potential. Assuming, then, that the profit motive is paramount, in my opinion, one of the present underlying reasons for establishing branches is to participate in the growth of contiguous counties. However, the evident willingness of local banks in these growth areas to protect and promote their own interest, to say nothing of the presently deterring state laws, prohibits participation in area growth to any appreciable extent. If we want to substantially participate in this growth, it seems to me our only way of doing so is by mergers with other banks.

## V. Growth by Merger

In addition to the growth participation motive, consideration of merger possibilities suggests another motive and that is—the desire to further realize on the banking potential that may be created through size and through convenience of branch coverage. If this is a valid motive, it brings into the picture the possibility of mergers with Philadelphia banks and with banks in other comparatively non-growth areas in outlying counties.

Attached (Exhibit "A") are lists of the banks in the four county areas showing a comparison of deposit liability. These figures were taken from "Polk's Bank Directory", and although they have not been analysed or audited, I believe they are sufficiently accurate to give a general picture of the growth of deposits in the areas involved, and from the standpoint of percentage of growth, indicate that many banks in the contiguous counties have done better than those in Philadelphia.

A. *Philadelphia County*—Since Philadelphia, as a whole, is a comparatively non-growth area, the principal purpose

of a merger would be to attract business from both local and national concerns through size and convenience that derives from extensive branch coverage. Under these circumstances, a merger with the First Pennsylvania Company would be most favorable in that it would result in the formation of one of the largest banks in the country with some 45 branches within the city of Philadelphia and 4 suburban offices, representing in Philadelphia about 25 per cent of the existing commercial banking facilities. As in the case of almost any merger with center city banks, there would be expensive duplications not only in center city, but in at least three other areas. However, such a merger would not provide extensive contiguous county coverage.

[fol. 5887] From this standpoint, a merger with the Philadelphia National Bank, although not giving the same Philadelphia coverage, would provide the same size advantage and, in addition, would supply out-of-town branches in Bristol, Chester, Conshohocken, Hatboro, Norristown, Pottstown, and in other areas which would allow for a greater possibility of realizing on the growth potential in the contiguous counties. Its branches in Philadelphia, except for center city offices, would supplement our own.

A merger with Central-Penn Bank, while not having the same size advantage as mergers with the two previously mentioned banks, would provide good supplemental coverage for our own offices in South, Southwest and North Philadelphia.

Fidelity-Philadelphia Trust Company has several good locations both in and outside of the city. On the other hand, in my opinion, their system has many weak spots, and a merger with this bank would offer no particular advantage that could not be realized through a merger with some other bank.

Other banks such as Liberty Real Estate Bank and Trust Company, Frankford Trust Company, Industrial Trust Company, etc. although not offering wide coverage nor the same degree of size advantage, do have some good locations.

**B. Delaware County**—Delaware County, as a whole, is effectively closed to us for branch purposes by reason of the adequacy of its banking facilities. At the present time, the county has only two independent banks—the Delaware

County and Upper Darby National banks. A merger with these two banks would provide an unexcelled opportunity for full county coverage. The Delaware County National Bank, with offices in Chester, Darby and Essington, would provide excellent locations in the industrial portions of the county and in Parkside, Media and Sharon Hill would provide good locations in quality residential and commercial areas. The Upper Darby National Bank would provide good locations in residential and commercial areas. The Upper Darby National Bank would provide good locations in residential and commercial sections of the county. Together, the 18 offices of both banks would form a chain of influence on the entire perimeter of the county except for the most southerly portion and would represent about 40 per cent of the commercial banking facilities.

The Chester, Darby and Essington offices of the Delaware County National Bank serve areas which contain little, if any, growth possibilities. However, opportunities for increased business in these areas would come from existing business that might be influenced by size. On the other hand, most of the offices of the Upper Darby National Bank have been established in growth areas within the past five or six years and offer growth potential not existent in the Delaware County bank.

*C. Bucks County*—Lower Bucks County through mergers of the Delaware Valley Bank and the Farmers National Bank, except for the possibility of future development, is effectively closed to us for branch purposes.

The Morrisville Bank is located in an area whose growth potential has been severely limited by the increase of banking facilities in surrounding sections. In my opinion, its value is limited to the worth of its existing business except for the possibility of increasing that business through size.

On the other hand, the other independent bank in this general territory, the Peoples National Bank of Langhorne, through its Feasterville, Langhorne and Pennel offices, presents possibilities of growth potential in areas which are rapidly developing. The offices of this bank are adjacent to the potential industrial, residential and commercial growth area of far northeast Philadelphia. If risk offices were established at several good locations within this area,



they would form a strong chain of influence with the offices [fol. 5888] of the Langhorne bank and our offices in Mayfair and Burholme, and together would provide excellent coverage in large sections containing substantial growth potential.

**D: Montgomery County**—Bryn Mawr Trust Company is attractive from a merger standpoint primarily as a means of providing facilities for many of our valued customers in this area. This section does not have great growth potential neither does there seem to be much opportunity for increasing business through size.

The National Bank of Narberth, with offices recently established in growth sections of Wynnewood and Bala Cynwyd, offers an opportunity for capitalizing on the area's growth and, at the same time, affords an opportunity for enlarging their existing business through size.

The Montgomery-Norristown Trust Company, with several branches in Norristown in good focal points and in North Wales, offers the possibility of capitalizing on the growth potential of the areas surrounding North Wales and Norristown and to build on their existing business through size.

The Peoples National Bank of Norristown, with branches in Jeffersonville, Lafayette Hill and King of Prussia, to a lesser degree, offers the same possibilities as Montgomery-Norristown bank. This bank neither has the quality of coverage nor the quality of business of the other bank. However, the Norristown section as a growth area is effectively closed to us, and a merger with either bank in Norristown would provide good locations in this important area.

The Ambler National Bank presents opportunities for capitalizing on the growth surrounding the general Ambler area and through its office in Flourtown. At the same time, a merger with either of the Norristown banks and the Ambler banks would provide chain coverage influencing a wider territory than that influenced by the individual banks in an area which is developing residentially, commercially, and, to a lesser degree, industrially.

Mergers with the Abington, Huntingdon Valley, Jenkintown, and Old York Road banks would again establish a chain of influence covering a large rapidly growing area containing primarily residential and commercial character.

istics. Individually, the Abington and Jenkintown banks because they are located in fully developed neighborhoods contain little growth potential and, in addition, are limited by mutual competition. All four banks together with our West Oak Lane and Burholme offices would, if combined, supplement rather than compete with each other and thus become more valuable collectively than individually.

It is hardly necessary to point out that the possibility of merging with all or even a substantial number of the banks mentioned heretofore is, to say the least, unlikely. From the standpoint of location and growth potential, the following is a priority list as to the individual banks and group coverage.

#### Individual Banks

Montgomery-Norristown  
Bank & Trust Company  
Delaware County National  
Bank  
Upper Darby National Bank  
The National Bank of  
Narbeth  
Bryn Mawr Trust Company  
Ambler National Bank  
Peoples National Bank &  
Trust Company of  
Langhorne  
Huntingdon Valley Trust  
Company  
Bank of Old York Road  
Jenkintown Bank and Trust  
Company

#### Groups

Upper Darby National Bank  
Delaware County National  
Bank  
Montgomery-Norristown  
Bank and Trust Company  
Ambler National Bank  
The National Bank of  
Narbeth  
Bryn Mawr Trust Company  
Bank of Old York Road  
Huntingdon Valley Trust  
Company  
Abington Bank and Trust  
Company  
Jenkintown Bank and Trust  
Company

[fol. 5889] In Philadelphia, a merger with the First Pennsylvania Company offers the greatest advantage and, at the same time, provides good out-of-county locations that would lessen the desirability of a merger with the Bryn Mawr Trust Company and possibly the Upper Darby National

Bank and the National Bank of Narberth. A merger with the Philadelphia National Bank would provide good supplemental coverage in the Philadelphia area and, more important, would allow greater participation in out-of-county growth potential. A number of the out-of-county locations of the Philadelphia National Bank would, in some areas, completely remove the desirability of merging with local banks, for example, Chester and Norristown, and in some areas lessen the desirability of merging with, for example, Bryn Mawr Trust and the Bank of Old York Road. Mergers with other Philadelphia banks, by comparison, would be attractive only from the standpoint of advantages other than location and growth potential.

No discussion of the possibility of merger would be complete without becoming involved in the question of price or premium to be paid. Unless specific details are studied in connection with each bank, however, it is almost impossible to do more than generalize on the price that might have to be paid. Certainly, joining with one of the larger Philadelphia banks, because of mutual advantages, should be considered in the light of a consolidation rather than a merger, and no premium should be involved. Premiums might be paid to smaller Philadelphia banks depending upon the value of the advantages offered just as we did in the case of Germantown and North Philadelphia. Undoubtedly, premiums would have to be paid to most, if not all, of the out-of-county banks, but here again accurate determination would be dependent on a multiplicity of factors concerning the particular bank to be merged.

In order to give some idea of the effect on our Bank of a series of mergers, however, I have assumed a merger formula based on our 1955 earning rates on capital and deposits applied to the capital and deposits of the other banks. The effect of this formula is to pay out all of the earnings of each bank (based on what we could earn from their assets) as dividends. The attached exhibit "B" shows the cumulative effect of mergers with nine banks on this basis, together with the number of shares to be exchanged and the capital ratios.

In sum, the general metropolitan area containing Philadelphia, Montgomery, Bucks, and Delaware counties has

grown substantially within the past twenty-six years with the over-all growth trend continuing to be upward. The impact of this growth has been distributed unevenly over the area to the extent that Philadelphia's growth and other portions of the general area have been relatively little affected. Although this over-all growth has produced banking potential, it has not resulted in opportunities for us to establish prime branch locations because:

1. Banking facilities have kept pace with banking needs, particularly in outlying counties through the establishment of branches by local banks.

2. Deterring state laws have effectively minimized the opportunities for across-county-line branches by Philadelphia banks.

Locations that are available are mostly in sections containing limited banking potential or that have not matured to the point of providing more than limited potential. The profitability of offices in these locations would depend upon tailoring costs to fit the need and in the possible growth of the selected areas. Under these circumstances, substantial participation in area growth or area potential through the establishment of new offices is unlikely.

The alternative is to merge with other banks. This would, except in the case of some Philadelphia banks, undoubtedly involve a payment of substantial premiums. [fol. 5890] The direction of the Bank's branch program, therefore, involves the determination as to whether it is better for the Bank to substantially participate in area growth with extensive coverage which could best be assured by merger, or to continue its present program of opening branches when and where an opportunity presents itself, and possibly step up this procedure by the establishment of low cost offices. The latter policy implies limited coverage and limited participation in area growth.

O. H. Beadle.

OHB:emc

[fol. 5891]

## EXHIBIT A

Philadelphia County Deposit Growth  
000 omitted.

Rank	Bank Name	Deposits 12/31/46	Deposits 6/30/56	% Increase
1.	Frankford Trust	\$ 26,331	\$ 43,271	64
2.	Provident Trust	125,940	(1) 196,999	50
3.	Broad Street Trust	79,498	(2) 115,088	45
4.	Fidelity Philadelphia Trust	219,797	(3) 307,370	40
4.	Industrial Trust	23,140	32,524	40
5.	Roosevelt Bank*	11,098	14,728	33
6.	Liberty Real Estate	63,468	(4) 78,079	23
7.	First Pennsylvania Company	774,696	(5) 938,217	21
8.	Second National	26,834	(6) 31,823	19
9.	Philadelphia National Bank	757,402	(7) 888,355	18
10.	Central-Penn.	188,039	(8) 214,540	14
11.	Girard Trust Corn Exchange	498,295	(9) 549,333	10
11.	Sonsitaly	3,798	4,177	10
12.	Tradesmens	238,104	(10) 254,014	7
13.	Gimbels	15,867	14,001	-12
		\$3,052,000	\$3,672,519	20

## Mutuals

1.	Saving Fund Society of Ger-			
	mantown	\$ 66,642	\$ 115,378	73
2.	Beneficial	93,071	158,697	70
3.	Western	172,226	287,093	67
4.	P. S. F. S.	583,907	821,985	41

(1) Includes deposits of Northern Trust Company and First National of Media. Ambler Trust Company used 12/31/47.

(2) Includes deposits of North Broad National, N.W. National and Inter-Boro. Prospect Park and Morton not available for 12/31/46.

(3) Includes deposits of National Bank of Olney, Clifton Heights, First of Chester, and Landsdowne. Ridley Park figures not available. Delaware Trust was a title company in 1946.

(4) Includes Liberty and Real Estate Trust.

(5) Includes deposits of Erie, Kensington, Germantown Trust, Security, N.E. National, First National, and Wayne Title.

(6) Includes deposits of Tioga National Bank.

(7) Includes deposits of Ninth, First of Conshohocken, Hatboro, Lansdale, Montgomery Nat'l, Norristown, Citizens Pottstown, and Chester Cambridge.

(8) Includes deposits of Charter, City National, South Philadelphia, and Wyoming.

(9) Includes deposits of National of Germantown and North Philadelphia.

(10) Includes deposits of Land Title and Market Street National.

\*Merged Fidelity 11/9/56.



[fol. 5892]

# Bucks County Deposit Growth 000 omitted

Rank	Bank Name	Deposits 12/31/46	Deposits 6/30/56	% Increase
1.	Farmers National of Bucks County x	\$ 9,055	\$ 24,305	170
2.	Peoples National of Langhorne	5,281	11,090	110
3.	Delaware Valley Bank & Trust* (2) (3) xx	12,443	24,899	100
4.	Merchants National of Quakertown	5,732	11,194	95
5.	Morrisville Bank (3)	5,925	11,491	94
6.	Quakertown National Bank	4,210	6,627	57
7.	Newtown Bank & Trust Company	2,350	3,479	48
7.	First National of Riegelsville	2,278	3,377	48
8.	Doylestown Trust Company	6,810	9,619	41
9.	Solebury National of New Hope (3)	2,964	4,136	39
10.	Doylestown National Bank & Trust	9,432	12,980	38
11.	Bucks County Bank & Trust Company** (1) (3)	11,539	15,592	35
12.	Chalfont National Bank (3)	2,191	2,668	22
13.	First National of Newtown	6,583	7,603	15

\* The Delaware Valley Bank & Trust Company is a newly titled bank formed from the Bristol Trust Company, the Southampton State Bank and the Yardley National Bank.

\*\* Bucks County Bank & Trust is a newly titled bank formed from the First of Perkasio, Quakertown Trust, Perkasio Trust, and the Dublin National Bank.

(1) Includes deposits of First of Perkasio, Perkasio Trust, Quakertown Trust, and Dublin National for 1950. Figures not available for 1946.

(2) Includes deposits of Bristol Trust, Southampton Bank and Yardley National Bank for 1950. Figures not available for 1946.

(3) Deposits as of 6/30/50. Figures not available for 12/31/46.

x Merged Fidelity 11/9/56.

xx Merged Philadelphia National Bank 11/9/56.

Montgomery County Deposit Growth  
000 omitted

Rank	Bank Name	Deposits 12/31/46	Deposits 6/30/56	% Increase	Deposit Date	Merger Date
1.	Bank of Old York Road	\$ 873*	\$ 4,829	453		
2.	National Bank of Norberth	3,839**	10,237	167		
3.	Peoples of Norristown	6,725	15,241	127		
4.	Huntingdon Valley Trust	2,636	5,939	125		
5.	Ambler National Bank	3,821	7,974	109		
6.	National Bank of Pottstown	9,650	19,643	103*		
7.	Cheltenham National	6,701	13,411	100		
8.	Penn Valley National (Hatfield)	3,631	6,637	83		
9.	Union National Bank & Trust (Souderton)	6,336	11,505	81		
10.	Hatboro National	4,978	8,849	78	12/31/54	P.N.B. 12/9/55
11.	Citizens National Bank & Trust of Pottstown	4,675	8,131	74	12/31/54	P.N.B. 12/19/55
12.	Abington Bank & Trust	3,715	6,265	69		
13.	Bryn Mawr Trust	18,901	31,868	69		
14.	Security Trust of Pottstown	9,633	14,556	51		
15.	Collegeville National	3,011	4,412	46		
16.	Bridgeport National Bank	5,816	8,434	45		
17.	Ambler Trust Company	4,037***	5,740	42	6/30/55	Provident Trust 2/10/56
18.	National of Royersford	3,045	4,071	34		
19.	Montgomery-Norristown Bank & Trust	36,071***	47,652	32		
20.	First National of Conshohocken	10,978	14,094	28	12/31/52	P.N.B. 9/25/53
21.	Jenkintown Bank & Trust	18,890	21,847	16		
22.	First National of Lansdale	13,003	14,557	12	12/31/53	P.N.B. 2/20/54
23.	Montgomery-National of Norristown	9,639	10,628	10	12/31/53	P.N.B. 2/20/54

\* Figures not available for 1946—6/30/52 figures used.

\*\* Figures not available for 1946—12/31/48 figures used.

\*\*\* Figures not available for 1946—12/31/47 figures used.

\*\*\*\* Includes deposits of Montgomery Trust Company and Norristown Penn Trust Company.

[fol. 5894]

Delaware County Deposit Growth  
000 omitted

Rank	Bank Name	Deposits 12/31/46	Deposits	Deposit Date	% Increase	Merger Date
1.	Upper Darby National Bank	\$18,054	\$46,184	6/30/56	156	Provident Trust 10/31/55
2.	First National of Media	10,577	28,561	12/31/54	75	Fidelity 2/9/54
3.	First National of Chester	12,383	20,921	12/31/53	69	Fidelity 2/9/54
4.	Clifton Heights National Bank	6,100	10,060	12/31/53	65	Fidelity 2/9/54
5.	Morton National Bank	1,523*	2,491	12/31/54	63	Broad Street 10/28/55
6.	Wayne Title & Trust	7,020	11,101	6/30/55	58	First Pa. Co. 3/9/56
7.	National Bank of Lansdowne	5,144	7,526	12/31/54	46	Fidelity 10/28/55
7.	Delaware County National Bank	29,339	43,070	6/30/56	46	Broad Street 5/27/55
8.	Prospect Park State Bank	2,141*	2,907	12/31/54	36	Fidelity 12/6/54
9.	Ridley Park National Bank	2,786*	3,506	12/31/53	26	P.N.B. 2/20/54
10.	Chester Cambridge Bank & Trust	22,796	28,163	12/31/53	23	Broad Street 2/10/56
11.	Interboro Bank & Trust	7,596	9,082	6/30/55	19	Fidelity 2/9/54
12.	Marcus Hook National Bank	4,486	5,258	12/31/52	17	Fidelity 12/6/54
13.	Delaware County Trust Company	Title Business	6,913	12/31/53		Fidelity 12/6/54

\* Figures as of 6/30/50—not available for 12/31/46.

[fol. 5895]

## EXHIBIT B

## Merger Offers

The accompanying chart shows the progressive effect of merging nine banks by exchanging shares. Deposit and capital statistics are from "Polks" as of June 30, 1956. The calculated earnings for other banks reflects our net earnings results for 1955—.64 per cent on average gross deposits and 1.3 per cent on average capital and reserves. These earnings do not include possible net received from Trust, Security Trades, Foreign Department, etc.

The exchange basis has been determined by dividing our 1956 dividend rate (\$3.20) into the calculated earnings. The number of shares to be exchanged was rounded off to present a quotable offer (i.e. 2 for 1, etc.).

Earnings for the year 1956 of \$6,045,000. were used for Girard Trust Corn Exchange. However, the number of shares, deposits, capital and dividend of June, 1956, were used and hence our new par and increased dividend are not reflected.

## Ratio of Exchange

1. Delaware County	9 shares of GTCX for 10 shares of theirs
2. Montgomery-Norristown	1 share of GTCX for 2 shares of theirs
3. National of Narberth	2 shares of GTCX for 1 share of theirs
4. Bryn Mawr	5 shares of GTCX for 7 shares of theirs
5. Upper Darby	1 share of GTCX for 2 shares of theirs
6. Jenkintown	11 shares of GTCX for 10 shares of theirs
7. Peoples of Langhorne	5 shares of GTCX for 4 shares of theirs
8. Ambler National	14 shares of GTCX for 15 shares of theirs
9. Old York Road	1 share of GTCX for 3 shares of theirs

## Statistical Information

	Dollars of Deposits for every \$1.00 of Book and Reserves**	Number of Branches***	Percent Gain in Deposits 1946-1956
Girard Trust Corn Exchange	\$ 7.88	19	10%
Delaware County	13.97	7	46%
Montgomery-Norristown	7.18	5	32%
National of Narberth	13.56	3	167%
Bryn Mawr	9.29	1	69%
Upper Darby	12.29	14	156%
Jenkintown	8.23	2	16%
Peoples of Langhorne	15.38	3	110%
Ambler National	12.38	2	109%
Old York Road	5.05	1	453%

\*We could actually offer Upper Darby 108,000 shares or 8 for 15. However, as a practical matter it was rounded off and made 1 for 2.

\*\*Based on 6/30/56 figures.

\*\*\*Including Main Office.

[fol. 5896]

Consolidated Progressive Report  
Effect of Exchange of Stock

	Shares Issued	Book Value & Reserves			Earnings		% of Earnings Paid Out In Dividends
		Deposits 6/30/66	Total Book & Reserves	Per Share	Total	Per Share	
Girard Trust Corn Exchange Bank	996,250	\$549,332M	\$69,731M	\$72.17	\$6,045M	\$6.26	51%
Delaware County National	99,000	43,070M	3,084M	31.15	318M	3.21	100
Consolidated 1 Bank	1,065,250	\$592,402M	\$72,815M	\$68.35	\$6,363M	\$5.97	54%
Montgomery Norristown Bank	1,124,000	47,652M	6,632M	53.48	396M	3.19	100
Consolidated 2 Banks	1,189,250	\$640,054M	\$79,447M	\$66.80	\$6,759M	\$5.68	56%
National Bank of Netherth	24,000	10,237M	755M	31.46	76M	3.17	101
Consolidated 3 Banks	1,213,250	\$650,291M	\$80,202M	\$66.10	\$6,835M	\$5.63	57%
Bryn Mawr Trust	78,384	31,868M	3,430M	43.76	251M	3.20	100
Consolidated 4 Banks	1,291,634	\$682,159M	\$83,632M	\$64.75	\$7,086M	\$5.49	58%
Upper Darby National	102,500	46,183M	3,759M	36.61	347M	3.38	95
Consolidated 5 Banks	1,394,134	\$728,342M	\$87,391M	\$62.68	\$7,433M	\$5.33	60%
Jenkintown Bank and Trust	55,000	21,847M	2,654M	48.25	176M	3.20	100
Consolidated 6 Banks	1,449,134	\$750,180M	\$90,045M	\$62.14	\$7,609M	\$5.25	61%
Peoples National Bank of Langhorne	25,500	11,089M	721M	28.27	81M	3.18	101
Consolidated 7 Banks	1,474,634	\$761,278M	\$90,766M	\$61.55	\$7,690M	\$5.22	61%
Ambler National Bank	18,000	7,974M	644M	34.25	60M	3.19	100
Consolidated 8 Banks	1,493,434	\$769,252M	\$91,410M	\$61.21	\$7,750M	\$5.19	62%
Bank of Old York Road	13,600	4,829M	957M	70.37	44M	3.23	100
Total—Consolidated 9 Banks	1,507,034	\$774,081M	\$92,367M	\$61.29	\$7,794M	\$5.17	62%
Increase	540,784	\$224,749M	\$22,636M	\$61.29	\$1,749M	\$1.09	11%
Premiums paid by our present shareholders			\$10,513M	\$10.88	\$1,053M		





[fol. 5897]

## GOVERNMENT'S EXHIBIT 71

## Girard Trust Corn Exchange Bank

## Report-By Offices

## Gross Deposits, Gross Operating Income and Total Operating Expenses

Office	1960 Income				Expenses				
	Average Gross Deposits	Earnings on Deposited Funds	Other Operating Income	Total Income	Direct Salaries	Direct Employee Benefits	Interest Paid on Deposits	Other Operating Expenses	Total Expenses
Ambler	\$ 7,505M	\$ 282,645	\$ 52,000	\$ 334,645	\$ 74,102	\$ 23,144	\$ 87,374	\$ 86,417	\$ 271,037
Arch Street	9,804	317,917	36,677	354,594	78,457	17,622	36,595	99,843	232,517
Bala-Cynwyd	3,895	142,937	26,594	169,531	34,853	8,924	24,443	71,346	139,566
Boulevard (a)								4,303	4,303
Bridesburg	6,690	251,974	36,687	288,661	36,299	8,786	85,814	85,142	216,041
Broomall	2,943	113,306	34,862	148,168	21,481	4,748	30,592	68,153	124,974
Burholme	10,047	396,831	58,945	455,776	44,931	11,127	133,316	141,505	330,879
Drexel Hill	5,795	213,124	63,012	276,136	32,085	7,118	58,160	119,320	216,683
Flourtown	2,921	107,954	29,769	137,723	30,509	7,439	26,721	65,093	129,762
Fort Washington	2,334	81,378	15,823	97,201	16,150	3,331	7,569	54,099	81,149
Frankford	16,349	614,183	82,710	696,893	86,119	22,035	184,153	207,190	499,479
Germantown	30,663	1,030,405	116,604	1,147,009	219,153	55,385	226,324	233,254	734,116
Germantown and Lehigh	10,395	390,234	52,113	442,347	58,609	13,883	69,417	179,449	321,258
Havertown	4,985	189,218	66,275	255,493	32,921	7,461	55,800	115,135	211,317
Lawrence Park	2,245	87,557	33,851	121,408	25,847	6,094	19,456	73,225	124,622
Manoa	3,220	124,797	39,026	163,823	24,629	5,971	24,848	85,772	141,220
Mayfair	5,904	260,224	56,712	316,936	35,398	8,767	80,480	127,213	251,858
Marberth	9,308	330,402	76,630	407,032	87,016	30,346	83,748	110,619	311,129
Newtown Square	2,698	113,942	39,841	153,783	20,496	4,087	22,981	78,499	126,063
North Philadelphia	16,352	593,793	89,865	683,658	94,709	24,239	183,845	209,576	512,369
Orthodox	6,175	231,849	28,520	259,869	33,246	7,912	66,901	74,111	182,170
Penn Oak	1,627	76,021	29,337	105,358	25,941	5,875	15,645	65,239	112,700
Pilgrim Gardens	3,372	126,867	45,349	172,216	21,675	5,690	30,900	85,515	143,050
Second Street	18,826	562,017	45,908	607,925	103,147	24,935	47,506	110,272	285,860
Sixty-third Street	4,596	186,588	36,913	223,501	31,937	8,342	66,569	98,980	205,828
South Philadelphia	4,282	181,072	36,439	217,511	33,511	7,329	27,369	105,624	173,883
Spring Garden	11,361	395,316	67,456	462,772	57,408	14,869	70,338	172,891	315,506
Stenton	2,893	110,123	43,648	153,771	33,419	7,876	22,461	88,096	151,852
Suburban Station	19,261	610,862	57,629	668,491	71,890	17,923	46,510	191,115	327,438
Terminal	1,474	55,215	28,486	83,701	24,962	4,680	22,602	56,099	108,343
Twenty-second Street	7,822	288,859	47,069	335,928	43,376	10,142	73,493	142,902	269,913

(a) Office not opened until March 20, 1961.

[fol. 5898]

Upper Darby and Drive-In	\$21,813M	\$ 932,112	\$ 214,143	\$ 1,146,255	\$ 292,239	\$ 77,557	\$ 188,869	\$ 287,246	\$ 845,911
West Oak Lane	6,940	273,560	62,883	336,443	38,942	10,114	70,651	128,878	248,585
West Philadelphia	14,271	570,379	123,474	693,853	92,312	23,847	202,452	207,440	525,651
Wissinoming	7,558	301,673	43,859	345,532	44,540	11,237	112,534	88,095	256,406
Wynnewood	5,704	193,949	31,484	225,433	30,438	6,951	34,455	92,022	163,866
Yeadon	3,024	108,699	35,593	144,292	19,301	5,190	34,463	63,138	122,092
Main Office	247,044	7,465,655	317,214	7,782,869	187,077	41,153	601,211	1,873,046	3,702,487
Total	\$542,096M	\$18,313,137	\$2,303,400	\$20,616,537	\$2,239,025	\$ 561,499	\$3,176,465	\$6,144,862	\$12,121,851

[fol. 5899]

## Girard Trust Corn Exchange Bank

## Report By Offices

## Gross Deposits, Gross Operating Income and Total Operating Expenses

1959

Office	Income				Expenses				
	Average Gross Deposits	Earnings on Deposited Funds	Other Operating Income	Total Income	Direct Salaries	Direct Employee Benefits	Interest Paid on Deposits	Other Operating Expenses	Total Expenses
Ambler	\$ 7,738M	\$ 250,307	\$ 55,645	\$ 305,952	\$ 75,329	\$ 22,735	\$ 71,810	\$ 86,809	\$ 256,683
Arch Street	10,210	285,582	38,695	324,277	68,689	16,699	29,539	100,188	215,112
Bala Cynwyd	2,918	91,876	20,179	112,055	32,244	7,742	14,751	59,873	114,610
Bridesburg	6,850	222,591	35,982	258,573	35,527	8,668	71,543	82,799	198,537
Broomall	3,198	103,745	26,450	130,195	18,058	3,768	25,508	61,206	108,540
Burholme	9,831	335,163	61,650	396,813	44,360	10,400	111,592	134,218	300,570
Drexel Hill	5,371	171,299	48,831	220,130	31,673	6,698	43,625	114,616	196,612
Flourtown	2,533	84,595	26,046	110,641	27,241	6,487	19,102	64,923	117,753
Fort Washington	1,513	45,550	5,778	51,328	12,901	2,553	3,227	42,388	61,069
Frankford	16,629	539,050	82,848	621,898	80,899	22,464	152,709	213,753	469,825
Germantown	31,143	906,948	118,410	1,025,358	224,507	58,066	188,049	239,133	709,755
Germantown and Lehigh	10,701	353,422	52,009	405,431	55,054	13,803	55,879	173,892	298,628
Havertown	5,146	165,172	52,369	217,541	30,037	6,360	44,096	107,772	188,265
Lawrence Park	1,902	68,684	25,419	94,103	21,841	4,720	11,381	66,190	104,132
Manoa	2,946	99,037	27,074	126,111	22,777	5,109	14,896	79,790	122,572
Mayfair	5,666	217,742	60,768	278,510	36,518	8,403	68,069	129,759	242,749
Marlberth	8,859	277,423	64,437	341,860	87,547	31,068	64,558	104,021	287,194
Newtown Square	2,715	93,668	31,628	125,296	17,561	3,209	15,113	71,045	106,928
North Philadelphia	17,104	549,149	95,936	645,085	99,637	25,339	155,287	195,696	475,959
Orthodox	6,171	217,744	28,915	246,659	33,878	7,830	54,949	78,072	174,729
Penn-Oak	1,257	52,250	20,392	72,642	21,931	4,907	8,176	60,674	95,688
Pilgrim Gardens	3,349	107,320	35,669	142,989	20,743	4,651	22,712	80,343	128,449
Second Street	18,640	492,515	47,893	540,408	109,095	26,401	40,348	97,575	273,419
Sixty-third Street	3,743	127,923	31,034	158,957	33,113	7,833	41,726	87,434	170,106
South Philadelphia	3,760	136,594	32,226	168,820	31,289	6,965	19,712	100,069	157,975
Spring Garden	11,321	343,275	66,124	409,399	57,043	14,174	56,297	173,945	301,459
Stenton	2,360	75,939	32,732	108,671	32,708	7,551	14,292	75,955	130,506
Suburban Station	20,307	554,456	51,475	605,931	71,751	18,872	31,280	177,729	299,632
Terminal	1,447	46,685	23,026	69,711	21,656	4,546	17,999	57,448	101,649
Twenty-second Street	6,412	202,287	37,322	239,609	43,122	9,894	46,183	122,728	221,927
[fol. 5900]									
Upper Darby & Drive-In	\$ 24,144	\$ 997,751	\$ 220,950	\$ 1,218,701	\$ 322,763	\$ 94,897	\$ 175,057	\$ 356,644	\$ 949,361
West Oak Lane	6,789	233,797	64,813	298,610	42,706	10,280	54,818	128,101	235,905
West Philadelphia	14,980	522,328	123,576	645,904	88,727	23,277	176,627	219,465	508,096
Wissinoming	7,397	254,956	43,991	298,947	40,085	10,507	90,751	94,999	236,342
Wynnewood	4,849	148,907	26,711	175,618	30,083	6,481	33,636	76,406	146,606
Yeadon	3,042	94,649	27,720	122,369	17,574	4,036	27,121	62,652	111,383
Main Office	250,056	6,645,484	314,979	6,960,463	192,009	41,199	453,691	1,895,330	2,582,229
Total	\$543,009M	\$16,115,899	\$2,159,685	\$18,275,584	\$2,232,676	\$ 568,592	\$2,526,109	\$6,073,580	\$11,400,975

(fol. 5901)

## Girard Trust Corn Exchange Bank

## Report By Offices

## Gross Deposits, Gross Operating Income and Total Operating Expenses

1958

## Income

## Expenses

Office	Average Gross Deposits	Earnings on Deposited Funds	Other Operating Income	Total Income	Direct Salaries	Direct Employee Benefits	Interest Paid on Deposits	Other Operating Expenses	Total Expenses
Ambler Division (a)	\$ 9,188M	\$ 296,071	\$ 83,694	\$ 379,765	\$ 129,725	\$ 31,847	\$ 76,069	\$ 149,214	\$ 386,855
Arch Street	10,294	266,576	39,437	306,013	64,942	14,239	26,423	112,945	218,549
Bridesburg	5,704	173,266	33,152	206,418	35,316	7,834	62,056	78,465	183,671
Burholme	9,642	294,219	62,616	356,835	44,380	9,239	98,864	140,756	293,239
Delaware Co. Division (b)	47,988	1,318,164	380,990	1,699,154	619,500	68,721	232,824	527,565	1,448,700
Frankford	15,676	465,922	84,913	550,835	83,432	21,495	134,462	228,443	467,832
Germantown	31,317	832,455	121,780	954,235	219,963	52,359	162,793	252,578	687,693
Germantown & Lehigh	9,856	289,529	54,234	343,763	54,524	12,335	46,869	170,476	284,204
Mayfair	5,004	168,487	54,449	222,936	35,879	8,014	51,389	120,555	215,837
Narberth Division (c)	13,350	387,921	104,208	492,129	182,401	47,189	97,770	182,359	509,719
North Philadelphia	16,064	471,053	95,635	566,688	107,262	24,682	138,845	207,115	477,904
Orthodox	6,144	186,319	27,700	214,019	32,879	6,829	49,022	79,522	168,252
Second Street	19,950	483,998	58,820	542,818	122,466	30,606	35,391	103,864	292,327
Sixty-third Street	2,440	75,778	16,833	92,611	32,501	7,481	21,217	78,970	140,169
South Philadelphia	3,387	107,712	29,687	137,399	30,613	6,029	13,948	96,320	146,910
Spring Garden	11,278	308,742	66,467	375,209	54,965	12,800	46,614	176,669	291,048
Stenton	1,393	41,067	16,565	57,632	31,472	6,279	7,258	58,965	103,974
Suburban Station	16,127	403,613	45,647	449,260	70,593	17,471	26,709	158,449	273,222
Twenty-second Street	4,690	133,143	24,371	157,514	41,867	7,825	23,274	99,882	172,858
West Oak Lane	6,934	211,140	69,260	280,400	41,348	9,248	48,158	131,013	229,767
West Philadelphia	16,035	501,343	133,945	635,288	100,424	24,120	169,782	238,682	533,008
Wissinoming	6,664	214,072	43,119	257,191	42,348	9,769	78,621	93,440	224,178
Main Office	267,205	6,560,581	318,493	6,879,074	219,277	57,981	636,633	1,844,472	2,758,363
Total	\$536,330M	\$14,191,171	\$1,966,015	\$16,157,186	\$2,398,167	\$ 494,392	\$2,284,991	\$5,330,719	\$10,508,269

(a) Includes three offices (Ambler, Flourtown &amp; Fort Washington).

(b) Includes figures from date of merger April 25, 1958 to December 31, 1958 on twelve offices (Upper Darby, Upper Darby Drive-In, Broomall, Drexel Hill, Havertown, Lawrence Park, Manoa, Newtown Square, Penn-Oak, Pilgrim Gardens, Terminal &amp; Yeaddon).

(c) Includes three offices (Narberth, Bala-Cynwyd &amp; Wynnewood).



[fol. 5902]

## Girard Trust Corn Exchange Bank

## Report By Offices

## Gross Deposits, Gross Operating Income and Total Operating Expenses

1957

## Income

## Expenses

Office	Average Gross Deposits	Earnings on Deposited Funds	Other Operating Income	Total Income	Direct Salaries	Direct Employee Benefits	Interest Paid on Deposits	Other Operating Expenses	Total Expenses
Ambler Division (a)	\$ 8,364M	\$ 82,115	\$ 17,452	\$ 99,567	\$ 35,350	\$ 10,895	\$ 12,889	\$ 42,291	\$ 101,425
Arch Street	10,195	280,139	37,273	317,413	47,164	10,575	21,055	154,102	232,896
Bridesburg	5,504	172,453	29,612	202,066	29,691	7,491	50,453	90,060	177,695
Birholme	9,508	303,622	58,760	362,383	36,976	9,083	81,203	162,346	289,608
Frankford	15,566	485,512	81,598	567,110	80,841	19,674	113,448	258,145	472,108
Germantown	32,635	903,841	114,118	1,017,959	100,612	24,245	130,327	419,667	674,851
Germantown & Lehigh	10,432	314,126	49,622	363,748	44,905	11,576	37,072	199,457	293,010
Mayfair	4,154	147,582	51,295	198,878	32,023	7,862	34,372	131,393	205,650
Narberth Division (b)	11,613	91,296	22,498	113,794	38,666	8,126	13,175	56,576	116,543
North Philadelphia	16,457	491,681	91,604	583,285	82,071	20,239	115,104	283,206	500,620
Orthodox	6,451	196,206	24,835	221,041	27,582	7,157	42,273	92,263	169,275
Second & Chestnut Sts.	29,048	739,864	58,143	798,007	53,932	12,345	27,782	254,141	348,200
Sixty-third Street	11	402	560	963	3,323	536	184	38,174	42,217
South Philadelphia	2,634	87,532	19,416	106,949	27,120	6,486	6,088	86,046	125,740
Spring Garden	11,258	322,350	64,235	386,586	48,941	12,194	36,233	189,778	287,146
Stenton	69	1,971	1,365	3,337	6,081	2,412	245	29,379	38,117
Suburban Station	13,229	349,046	32,399	381,445	51,572	13,253	17,038	202,303	284,166
Twenty-second Street	28	949	996	1,945	4,558	889	327	32,260	38,034
West Oak Lane	6,709	212,385	63,297	275,682	36,041	8,913	37,584	146,496	229,034
West Philadelphia	18,782	599,187	128,499	727,687	91,728	22,506	156,854	299,903	570,991
Wissinoming	7,279	234,441	39,157	273,599	37,058	9,154	64,979	109,834	221,025
Main Office	254,248	6,586,464	302,745	6,889,209	232,909	61,298	315,462	1,886,938	2,496,607
Total	\$474,174M	\$12,603,175	\$1,289,488	\$13,892,663	\$1,149,144	\$ 286,909	\$1,314,147	\$5,164,758	\$ 7,914,958

(a) From date of merger, October 11, 1957 to December 31, 1957—Includes three offices—Ambler, Flourtown & Fort Washington.  
 (b) From date of merger, October 11, 1957 to December 31, 1957—Includes three offices—Narberth, Bala-Cynwyd & Wynnewood).



{fol. 5903}

## Girard Trust Corn Exchange Bank

## Report By Offices

## Gross Deposits, Gross Operating Income and Total Operating Expenses

1956

Office	Income				Expenses				
	Average Gross Deposits	Earnings on Deposited Funds	Other Operating Income	Total Income	Direct Salaries	Direct Employee Benefits	Interest Paid on Deposits	Other Operating Expenses	Total Expenses
Arch Street	\$ 10,503M	\$ 281,850	\$ 35,625	\$ 317,475	\$ 42,469	\$ 8,352	\$ 14,405	\$ 143,462	\$ 208,888
Bridesburg	5,413	168,890	26,114	195,004	23,905	5,372	35,315	83,982	148,576
Burholme	9,263	292,458	54,542	347,000	31,809	6,954	57,207	141,395	237,367
Frankford	15,999	492,270	81,375	573,645	74,051	15,619	83,622	240,915	414,208
Germantown & Lehigh	10,275	302,877	42,764	345,641	35,883	8,005	24,899	177,723	246,511
Germantown	33,735	905,912	101,656	1,007,567	92,380	19,068	98,158	385,510	595,118
Mayfair	3,879	144,128	45,511	189,639	30,298	6,676	20,987	115,958	173,914
North Philadelphia	16,422	482,498	87,118	569,616	83,969	17,393	84,541	239,359	425,263
Orthodox	5,849	177,251	23,594	200,845	24,519	5,667	20,762	81,405	141,353
Second & Chestnut Streets	29,059	710,162	55,786	765,948	47,415	9,417	18,805	230,070	305,709
Sixty-third Street								7,051	7,051
South Philadelphia	631	22,516	2,979	25,496	12,004	2,370	562	71,817	86,754
Spring Garden	11,049	316,270	56,124	372,395	38,426	8,678	24,945	169,939	241,989
Suburban Station	7,710	196,584	10,368	207,052	47,951	0,242	1,488	129,147	188,830
Twenty-second Street								8,297	8,297
West Oak Lane	6,657	210,224	60,373	270,598	30,534	6,830	25,251	131,044	193,660
West Philadelphia	18,210	588,574	119,482	706,057	81,570	17,470	115,301	275,018	490,259
Wissinoming	6,808	219,027	37,397	256,425	32,052	6,863	44,213	99,572	182,702
Main Office	261,025	6,488,864	296,234	6,785,098	218,947	49,478	218,487	1,719,272	2,206,186
Total	\$452,482M	\$11,998,462	\$1,137,048	\$13,135,511	\$ 948,189	\$ 204,456	\$ 897,956	\$4,451,843	\$ 6,502,445



[fol. 5904]      GOVERNMENT'S EXHIBIT 72

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

Application to Establish a Branch Under the Provisions  
of the Banking Code of the Commonwealth of Pennsylvania,  
as Amended

September 9, 1957, Date

Girard Trust Corn Exchange Bank Northwest Corner  
Broad and Chestnut Streets, Philadelphia 2, Pennsylvania  
hereby makes application to the Department of Banking  
of the Commonwealth of Pennsylvania for a Letter of  
Authority for the establishment of a branch in Ambler  
(Borough), Montgomery (County), Pennsylvania (State),  
and the exact location of the branch to be operated is Butler  
Avenue and Spring Garden Street, Ambler, Pennsylvania.

Reasons for Filing This Application:

This application covers the Main Office of the Ambler  
National Bank which has proposed to merge with the  
Girard Trust Corn Exchange Bank, subject to the approval  
of the Federal and State authorities and the stockholders  
of both banks at a meeting to be held on September 12, 1957.

**Certificate of Official of Applicant Bank**

I, A. E. Shaw, do hereby certify that this application has  
been prepared pursuant to a resolution adopted by the  
Board of Directors of applicant institution, a certified copy  
of which is attached hereto.

A. E. Shaw, Signature of President or Secretary.

Robert C. Allen, Witness.

[fol. 5905] GOVERNMENT'S EXHIBIT 72-A

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

## Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

Sept. 9, 1957.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Ambler National Bank (Name of institution, party to merger or consolidation), Butler Avenue and Spring Garden Street, Ambler, Pennsylvania.

Exact location of the branch to be operated is Butler Avenue and Spring Garden Street, Ambler, Pennsylvania.

[fol. 5906] 4. Economic Development of the Area

## a. Residential

The older established residential section of Ambler runs for approximately a half-mile south of Butler Avenue and three-quarters of a mile north of Butler Avenue between Bethlehem Pike and Morris Road. The community has been in existence since colonial days, and, therefore, residential development consists of single homes of varied architectural styles, some situated on small lots and some consisting of large estates.

Substantial residential construction is taking place in all sections of this area, for example, northeast of Ambler between Bethlehem Pike and Welsh Road in Lower Gwyn-

edd Township, northeast of the borough at Mount Pleasant Avenue, and due west of Ambler in Whitpain Township. This development is primarily in good quality single dwellings. The substantial growth is indicated by the fact that within the past 6 years, the net additions to occupied dwelling units in the surrounding townships and the Borough of Ambler is 47%.

*b. Commercial*

The commercial development of Ambler is concentrated for the most part along either side of the Butler Pike from the Reading Railroad station on the west to the Bethlehem Pike on the east. It contains the necessary variety of retail shops to provide service not only to the Borough of Ambler, but to a wide surrounding area. With the substantial population and residential growth in the area, the business community is laying plans to extend the present shopping area in an easterly and westerly direction.

Present zoning regulations in the area and its environs tends to discourage other commercial development. This in turn tends to increase the importance of the borough's commercial facilities.

*c. Industrial*

The Borough of Ambler contains several important industrial concerns, such as the American Chemical Paint, C. H. Wheeler, and Keasboy & Mattison Companies.

The almost complete development of the borough, however, precludes any possibility of substantial industrial development. Some of the areas surrounding Ambler are being developed for industrial purposes, however, as indicated by the growth in the Fort Washington Industrial Park which has witnessed substantial industrial development.

In essence, the area influenced by this office has grown substantially in population, residential construction, and in industrial development.

[fol. 5907] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.



# MICROCARD

TRADE MARK



# 22

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Name of Institution or Branch Office	Distance from Proposed Branch	4/26/57 (000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans
Provident-Tradesmens Bank and Trust Com- pany—Ambler Office	one city block	\$489,207	\$428,502		\$236,745
Branch figures are not available. Figures shown are for the Provident-Trades- mens Bank as a whole.					

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

Ambler Savings & Loan Association, East Butler Avenue, Ambler, Pennsylvania.

Ellis Finance Company, East Butler Avenue, Ambler, Pennsylvania.

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
American Chemical Paint Co. ....	350	not available	\$3,000,000
Cruze Kemper Div. of C. H. Wheeler Company .....	70	not available	\$1,200,000
Kearney & Mattison Company .....	1,900	not available	\$12,000,000

[Vol. 5908] GOVERNMENT'S EXHIBIT 72-C

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

### Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

September 9, 1957.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving

or newly incorporated institution), Northwest Corner, Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Ambler National Bank (Name of institution, party to merger or consolidation), Butler Avenue and Spring Garden Street, Ambler, Pennsylvania.

Exact location of the branch to be operated is Bethlehem Pike and Wissahickon Avenue, Flourtown, Pennsylvania.

[fol. 5909] Information—Re: Location

1. Population. (Use United States Census figures in first two columns).

	1940	1950	1956 Estimate
City			
Borough			
Village			
Township Springfield	not available	11,383	18,020

2. Furnish a map of the area to be served by the proposed branch, its location and the location of all banks or branch offices now serving the area.

3. Population of area from which banking business is now attracted. (Use U. S. Census figures if available, otherwise indicate source).

1½ mile radius of Wissahickon Avenue and Bethlehem Pike	1940 (Source)	1950 U. S. Census (Source)	1956 Estimate Montgomery County Planning Commission
	not available	8,300	13,800*

4. Describe on a separate page the economic development of the area since 1940 as to:

- (a) Residential
- (b) Commercial
- (c) Industrial

5. Indicate the distance and direction of the proposed branch from the main office and other established branches of the applicant institution.\*\*

Address	Distance	Direction
From Main Office Broad & Chestnut Streets	12.0 miles	N NW
From Branch at 72nd & Ogontz Avenue	5.0 miles	N NW
From Branch at School Land & Germantown Avenue	5.5 miles	N NW

\* No figures are available by census tracts for 1956. The Montgomery County Planning Commission, however, estimates that the percentage population increase for Springfield Township from 1950 to 1956 is 67%. Applying this percentage increase to the 1950 Census Tract figure of 8,300, we estimate a population of 13,800 for 1956.

\*\* The Girard Trust Corn Exchange Bank has many other branches. We have indicated the distances from the Main Office and the nearest two offices.

[fol. 5910] 4. *Economic Development of the Area*a. *Residential*

Extensive residential growth has taken place in Springfield Township on the east side of the Bethlehem Pike in communities such as Arlingham, Enfield, Erdenheim, Flourtown, Oreland, and Wyndmoor. It is estimated that population increased 66 $\frac{2}{3}$ % from 1950 to 1956 in the subject area. Improvements consist of single dwellings occupied by middle income families. The 1950 census indicates that over one-third of the population is of a managerial, professional or technical vocation with family income of \$6,000 and upwards per year.

Large scale residential developments have taken place on Church Road, East Mill Road, Haws Lane, and Paper Mill Road. The former Sunnybrook Golf Club is now being developed with single homes. Development west of the Bethlehem Pike has been less rapid due to the number of large estates, clubs and institutional properties.

Many acres of additional vacant ground and the convenience of this location to Chestnut Hill in Philadelphia County gives indications of continued strong residential growth.

b. *Commercial*

Scattered commercial development exists along the Bethlehem Pike beginning with the major shopping center at Chestnut Hill, a small focal point in Erdenheim at Gordon Lane, and a small shopping center in Flourtown at Wissahickon Avenue in which this branch is located.

At Mill Road, north of the railroad, a new shopping center is developing which extends approximately one-half mile north to Valley Green Road. This center contains a super market and seven other retail stores with provisions for 36 stores eventually. Ample parking is provided for 1,200 cars. It appears that this shopping center will be a focal point for residents of Erdenheim, Flourtown and Oreland where adequate shopping facilities do not exist. Many acres of additional ground are available for commercial expansion.

### c. *Industrial*

There are limited small industrial developments scattered throughout this area. It should be noted, however, that this office, together with the Main Office, of the Ambler National Bank, contains within its area of influence the Fort Washington Industrial Park situated approximately 2 miles north on the Bethlehem Pike. This gives evidence of the possibility of a strong industrial development and now contains about 6 plants of nationally known industrial firms. Other major industries have announced plans to locate here.

In summary, this community has grown substantially residentially as indicated by the foregoing population figures. This residential growth has been accompanied by strong commercial and industrial growth.

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[fol. 5911]      GOVERNMENT'S EXHIBIT 72-E

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

### Information

To be furnished in connection with a request for the Banking Department's approval as required by Section 204.1 of the Banking Code.

September 16, 1957.

To the Department of Banking:

In support of its request for the Department's approval to establish a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of Institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Exact location of the branch to be established is Fort Washington Industrial Park situated on Pennsylvania Avenue east of Bethlehem Pike and west of the Fort Washington Interchange of the Pennsylvania Turnpike in Montgomery County.



[fol. 5912] 4. *Economic Description of the Area*a. *Residential*

Historically this section has been made up primarily of large farms and farm estates with small single home residential sections scattered throughout. Within the last decade, many of these farm properties have been developed residentially with good quality single homes. This type of development has occurred in such existing communities surrounding the site of the proposed location as Oreland, Fort Washington, Ambler Highlands, Dreshertown, and Whitemarsh.

There is, however, considerable vacant land still available and with the strong growth trend reaching outward from the Philadelphia city limits, it would seem inevitable for this residential growth to continue.

b. *Commercial*

Scattered throughout the perimeter of the areas of influence of this location, commercial development has taken place in such specific sections as the Flourtown Shopping Center and in Oreland, and to a lesser degree along the Bethlehem Pike. On the other hand, there has been little commercial development in the immediate area.

With the considerable residential growth which has taken place, and that which will undoubtedly continue to take place, there seems little doubt that commercial development will occur to provide service to the ever increasing population. The developers of the Fort Washington Industrial Park have plans on the drawing board for a commercial area to supply these needs.

c. *Industrial*

A major industrial center is in the process of being formed at the Fort Washington Industrial Park on Pennsylvania Avenue adjacent to the Fort Washington Interchange of the Pennsylvania Turnpike. About 1,200 acres have been assembled for development, 600 of which are available for industry.

Seven nationally known concerns have already located here and three others have started construction (American

Cyanamid Company, Wm. Mann Division of Burroughs, Inc., and Leeds & Northrup). The developers of the Park intend to establish an ideal working community with its own eating and recreational facilities for those who are to work here.

In addition to the Industrial Park itself, there have been other large industrial establishments, such as the Selas Corporation in Dreshertown and G. W. H. Corson, Inc. in Whitmarsh.

#### d. Highway Development

This particular site is located at the entrance to the Pennsylvania Turnpike on Pennsylvania Avenue just east of the Bethlehem Pike, both of which are important traffic arteries. In addition, the "309 By-pass", which is presently under construction from Spring House to the Philadelphia County Line at Ogontz Avenue, will bisect all of these highways in the immediate area of the Industrial Park. This will provide this location with excellent railway transportation, all of which, when completed, should provide impetus to the residential, commercial and industrial development of the area.

In summary, there has been continued strong residential and industrial development accompanied by perimeter commercial development, which together with the excellent highway and transportation facilities, and coupled with the trend of growth in the Philadelphia-Metropolitan area, indicates substantial future growth potential.

[fol. 5913] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from	(000 Omitted)			
	Proposed Branch	Total Resources	Time Deposits	Demand Deposits	Total Loans

None located in the neighborhood of the area of influence of this office.

We believe the population statistics we have selected on the area of influence of this office to be not only conservative, but realistic. It does not include the area of influence of either the Ambler or the Flourtown Offices of the Ambler National Bank which are relatively heavily populated, but covers roughly one-third of Upper Dublin Township and one-eighth of Whitmarsh Township.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

Name

Distance from  
Proposed Branch

None located in the neighborhood of the area of influence of this office. See statement above.

**[fol. 5914] Data Supporting Need for Additional Banking Services or Facilities to Be Offered by Proposed Branch.**

1. What banking services will be offered by the proposed branch?

Complete banking service, including Commercial and Consumer loans, Depository Services, and other services now offered by existing branches of the Bank will be offered. Parking facilities will be provided. Safe Deposit services will not be offered. Banking hours may be tailored to fit the needs of the neighborhood.

2. Estimate of amount of business now being done in area by applicant, including time and demand deposits and loans.

\$1,000,000.....	Demand Deposits
\$ 200,000.....	Time Deposits
\$ 200,000.....	Loans

3. Estimate of new business which proposed branch will attract, including time and demand deposits and loans.

\$7,500,000.....	Demand Deposits
\$1,500,000.....	Time Deposits
\$1,250,000.....	Loans

4. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
Chemical Concentrates Corp.	50	not available	not available
Columbia Steel Equipment	225	not available	not available
Hewitt Robins, Inc.	30	not available	not available
Mariand Photoengraving Co.	25	not available	not available
Minneapolis Honeywell Valve Regulator Division	250	not available	not available
Montgomery Publishing Co.	70	not available	not available
National Aeronautical Corp.	150	not available	not available
	<u>800</u>		

[fol. 5915] GOVERNMENT'S EXHIBIT 73-A

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

## Information

To be furnished in connection with a request for the Banking Department's approval as required by Section 204.1 of the Banking Code.

July 22, 1959.

To the Department of Banking:

In support of its request for the Department's approval to establish a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of Institution), Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Exact location of the branch to be established is N.E. Cor. Comly Road and Roosevelt Boulevard, Philadelphia 14, Pennsylvania.

## [fol. 5916] Information—Re: Location

1. Population. (Use United States Census figures in first two columns).

	1940	1950	1958 Estimate
City, Philadelphia.....	1,931,334	2,071,005	2,208,535
Borough.....	.....	.....	.....
Village.....	.....	.....	.....
Township.....	.....	.....	.....

2. Furnish a map of the area to be served by the proposed branch, its location and the location of all banks or branch offices now serving the area.

3. Population of area from which banking business will be attracted. (Use U. S. Census figures if available, otherwise indicate source).

April 1st  
1958 Estimate  
Phila. City  
Planning  
Commission  
9,328\*

1940                      1950  
U. S. Census          U. S. Census  
(Source)              (Source)  
994                      6,326

1 1/2 mile radius of site . . . . .

\* The above population figures *do not* include 6,600 employees of industrial corporations within the 1 1/2 mile radius. Projecting the housing developments now underway, but not yet completed, to 1960, results in an estimated population of 18,900 persons within this area, again not including the existing present industrial population of 6,600 persons. (See housing developments outlined on map.)

4. Describe on a separate page the economic development of the area since 1940 as to:

- (a) Residential
- (b) Commercial
- (c) Industrial

5. Indicate the distance and direction of the proposed branch from the main office and other established branches of the applicant bank.\*\*

\*\* The Girard Trust Corn Exchange Bank has 38 offices. We have indicated the distances from the Main Office and the nearest two offices.

Address	Distance	Direction
From Main Office, Broad and Chestnut Streets . . . . .	14.0 miles	N NE
From Branch at Cottman Ave. east of Frankford . . . . .	5.5 miles	N, NE
From Branch at Rising Sun and Cottman Avenues . . . . .	6.0 miles	N NE

[fol. 5917] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Branch figures are not available. The figures used are for the entire Bank.  
(000 Omitted) 12/31/58

Name of Institution or Branch Office	Distance from Proposed Branch	Total Resources	Time Deposits	Demand Deposits	Total Loans
Western Saving Fund Society "Lumar Park"	2 miles by auto	\$396,936,617	\$364,378,121	None	\$168,402,568

Note: We have received notice from the Banking Department that the Second National Bank of Philadelphia intends to establish a branch at Bustleton and Woodhaven Roads, adjacent to the Lumar Park Shopping Center (1 1/4 miles distance by auto).

Although the two branch offices listed above are included in the 1 1/2 mile radius of the site used for population purposes in question 3 on page 2, they are actually 1 1/4 to 2 miles away from the proposed office by auto and are thus outside of the subject area by a direct transportation route.



7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

None.	Name	Distance from Proposed Branch
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[fol. 5918] Data Supporting Need for Additional Banking Services or Facilities to be Offered By Proposed Branch.

1. What banking services will be offered by the proposed branch?

Complete banking service, including commercial and consumer credit loans, depository services and all other services now offered by existing branches of the Bank with the exception of safe deposit facilities, will be offered. Parking and drive-in facilities will be provided.

2. Estimate of amount of business now being done in area by applicant, including time and demand deposits and loans.

\$1,800,000	Demand Deposits
\$ 110,000	Time Deposits
\$ 25,000	Consumer Loans
\$2,300,000	Commercial Loans

3. Estimate of new business which proposed branch will attract, including time and demand deposits and loans.

\$3,000,000	Demand Deposits
\$1,500,000	Time Deposits
\$ 200,000	Consumer Loans
\$ 500,000	Commercial Loans

4. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

	Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
Roosevelt Industrial District	D. P. Brown & Co., Inc.	not available	not available	not available
	Byberry State Hospital*	1,400	not available	not available
	International Paper Co.	not available	not available	not available
	Interstate Iron & Supply Co.	not available	not available	not available
	Kelly Springfield Tire Co.	not available	not available	not available
	Klightning Mfg. Co.	not available	not available	not available
	P. W. Industries, Inc.	not available	not available	not available
	National Biscuit Co.	1,200	not available	\$ 4,000,000
	National Electrical Products (a division of H. K. Porter)	not available	not available	not available
	Yale & Towne Mfg. Co.	3,000 to 3,500	not available	\$129,000,000
	Progress Mfg. Co., Inc.	1,000	not available	\$ 21,000,000

\* Institution

[fol. 5919] Additional Information Supporting Application

Applicant should supply in this space, and on additional sheets if required, any further information deemed necessary or desirable.

The Girard Trust Corn Exchange Bank has many existing branch offices in the northeast section of the city of Philadelphia. As indicated on page four of this application, we now have \$1,910,000 of deposit business and \$2,325,000 in loans within a 1½ mile radius of the site. Not included in these figures, located outside the subject area but still in the far northeast (i.e., above Pennypack Park), are additional commercial customers of the Bank with deposits totaling \$11,400,000. Undoubtedly, some of these customers will also make use of this new office.

This area has witnessed substantial residential and industrial growth in the past five years. New residential construction now underway will make this shopping center the focal point for approximately 18,900 persons by 1960. The availability of large tracts of industrial ground will, undoubtedly, result in substantial future industrial growth. A branch office at this location, therefore, will enable us to serve our existing customers and to participate in the growth now underway.

Certificate of Official of Applicant Bank

I, A. E. Shaw, do hereby certify that the information contained herein is true and correct to the best of my knowledge and belief and is submitted to the Department of Banking in support of an application for a Letter of Authority to establish a branch.

/s/ A. E. Shaw, Signature of Secretary

Robert C. Allen, Witness.

July 22, 1959.

[fol. 5920] GOVERNMENT'S EXHIBIT 74

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

Application to Establish a Branch Under the Provisions  
of the Banking Code of the Commonwealth of Pennsylvania,  
as Amended.

February 29, 1956.

The Girard Trust Corn Exchange Bank hereby makes  
application to the Department of Banking of the Common-  
wealth of Pennsylvania for a Letter of Authority for the  
establishment of a branch in Philadelphia (City), Philadel-  
phia (County), Pennsylvania (State).

And the exact location of the branch to be operated is  
2944-50 North 22nd Street.

Note: (All such offices other than branches resulting  
from mergers or consolidation, to be located outside city,  
borough, or village of main office location require Banking  
Board approval).

## [fol. 5921] Information—Re: Location

1. Population. (Use United States Census figures in first  
two columns).

	1940	1950	1955 Estimate
City.....	1,931,334	2,071,605	2,161,000
Borough.....			
Village.....			
Township.....			

2. Furnish a map of the area to be served by the pro-  
posed branch, its location and the location of all banks or  
branch offices now serving the area.

3. Population of area from which banking business will  
be attracted. (Use U. S. Census figures if available;  
otherwise indicate source).

1940 Census (Source)	1950 Census (Source)	1955 Estimate*
25,500	25,000	25,000

\* Philadelphia Chamber of Commerce Estimate.

4. Describe on a separate page the economic development of the area since 1940 as to:

- (a) Residential
- (b) Commercial
- (c) Industrial

5. Indicate the distance and direction of the proposed branch from the main office and other established branches of the applicant bank.

Address	Distance	Direction
From Main Office Broad and Chestnut Streets.....	4¼ mi.	N. Nw
From Branch at 2809 Germantown Avenue.....	1¼ mi.	NW
From Branch at Broad and Germantown Avenue.....	1½ mi.	SW

[fol. 5922] Describe the economic development of the area since 1940 as to: (a) Residential (b) Commercial (c) Industrial

The subject area is principally residential although it contains very substantial industrial concentrations along Hunting Park Avenue, Lehigh Avenue and Allegheny Avenue and, as a matter of fact, scattered throughout the entire area. Residential improvements consist almost entirely of two-story row dwellings. Since the entire area has been fully developed for a long period of time, there has been little, if any, residential growth.

It is adequately served by public transportation and is, therefore, convenient to the important retail centers in the center and other parts of the city. As a result, there are no outstanding retail focal points although there are retail service centers on 29th Street, 22nd Street, Lehigh Avenue, etc., and since these service centers adequately serve the needs of the community, there has been little growth along commercial lines.

There has been some industrial growth caused primarily by the expansion of existing industries and through absorption of older, smaller companies by large nationally known concerns.

In other words, since the area is fully developed there has been little growth along residential or commercial lines, although industrially the area has increased in importance.

**[fol. 5923] Data Supporting Need for Additional Banking Services or Facilities To Be Offered by Proposed Branch.**

**1. What banking services will be offered by the proposed branch?**

Complete banking service including commercial and consumer credit loans, depository services, safe deposit and other services offered by the existing branches of the bank. Parking and drive-in facilities will be provided.

**2. Estimate of amount of business now being done in area by applicant, including time and demand deposits and loans.**

8,000,000.....	Demand Deposits
50,000.....	Time Deposits
1,500,000.....	Loans

**3. Estimate of new business which proposed branch will attract, including time and demand deposits and loans.**

4,000,000.....	Demand Deposits
2,000,000.....	Time Deposits
500,000.....	Loans

**4. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.**

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
------	---------------------------------------	----------------------------------	--------------------------------

Within the area of influence of this location there are at least 100 industrial or manufacturing concerns of varying importance. This is not taking into consideration the large number of comparatively small commercial and industrial concerns also located within the area. Three companies having more than 1,000 employees are: Budd Company, Tasty Baking Company and Link Belt Company. All others have less than this number of employees.

**[fol. 5924] Additional Information Supporting Application**

Applicant should supply in this space, and on additional sheets if required, any further facts or reasons to support this application.

For some time we have felt that the area west of Broad Street to the Schuylkill River and from Lehigh Avenue north to Hunting Park Avenue is not adequately supplied with banking facilities. As a matter of fact, the closest facilities are located at Broad and Erie Avenue, and 10th and Lehigh Avenue. The population density of 25,000 persons within a one-half mile radius of the subject location



more than favorably compares to population densities of similar areas of at least six of our existing offices, all of which are profitable. We believe that the small business and residential population of the area alone will provide potential for retail business, including consumer credit and business loans in more than sufficient quantities to allow a profitable operation, to say nothing of the potential to be derived from large concerns through offering complete, convenient banking service, including parking and drive-in facilities. As a matter of fact, we believe that although the one-half mile radius area selected is an area of influence and will provide opportunities for profitable branch operation, it is, in our opinion, that, at least from an industrial and commercial standpoint, an area of influence that will encompass a much wider territory, especially in view of the fact there are no banking facilities west of Broad Street to the Schuylkill River.

#### Certificate of Official of Applicant Bank

I — do hereby certify that I have read this application and that the information contained therein is true and correct to the best of my knowledge and belief and is submitted to the Department of Banking for the purpose of obtaining a Letter of Authority to establish a branch.

— —, Signature of President or Secretary..

[fol. 5925] GOVERNMENT'S EXHIBIT 75

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

Application to Establish a Branch Under the Provisions of the Banking Code of the Commonwealth of Pennsylvania, as Amended.

March 5, 1956.

The Girard Trust Corn Exchange Bank hereby makes application to the Department of Banking of the Commonwealth of Pennsylvania for a Letter of Authority for the establishment of a branch in Philadelphia (City), in Philadelphia (County), Pennsylvania (State).

And the exact location of the branch to be operated is 427-31 North 63rd Street.

Note: (All such offices other than branches resulting from mergers or consolidations, to be located outside city, borough, or village of main office location require Banking Board approval).

[fol. 5926] Information—Re: Location

1. Population. (Use United States Census figures in first two columns).

	1940	1950	1955 Estimate
City.....	1,931,334	2,071,605	2,161,000
Borough.....			
Village.....			
Township.....			

2. Furnish a map of the area to be served by the proposed branch, its location and the location of all banks or branch offices now serving the area.

3. Population of area from which banking business will be attracted. (Use U. S. Census figures if available, otherwise indicate source).

	1940 U. S. Census (Source)	1950 U. S. Census (Source)	1955 Estimate
One miles radius area..	90,000	87,500	87,000*

\* Philadelphia City Planning Commission.

4. Describe on a separate page the economic development of the area since 1940 as to:

- (a) Residential
- (b) Commercial
- (c) Industrial

5. Indicate the distance and direction of the proposed branch from the main office and other established branches of the applicant bank.

Address	Distance	Direction
From Main Office Broad and Chestnut Streets.....	5¼ mi.	W. NW
From Branch at 60th and Ludlow Streets.....	¾ mi.	NW

[fol. 5927] Describe the economic development of the area since 1940 as to: (a) Residential (b) Commercial and (c) Industrial

The subject area contained within the one-mile radius of this location is mainly residential, interspersed through-

out with small retail service sections and a limited number of industrial establishments. Most of the residential improvements are two-story, row dwellings, typical of the Philadelphia general area. In the northwest sections, however, there are fine residential communities of substantial single and twin family dwellings. Although there has been some residential building growth in the last ten years in the section north of Vine Street west of 63rd Street, generally, there has been little residential growth since the area has been for many years almost fully developed. Scattered throughout are local retail service sections, for example, at 60th and Market, 62nd and Lansdowne, 63rd and Lancaster, etc. These service sections have been established for many years and are in sufficient number and quality to adequately supply the needs of the community and, as a result, there has been little, if any, growth along these lines. There are no large industrial or mercantile establishments in the area, but there are a number of small industrial or manufacturing concerns. Although there is again no growth in this type of occupancy, there has been a tendency for slightly larger concerns of this type to replace what in the past has been one-man or family establishments. In a nutshell, this is a stable fully-developed residential area containing small commercial enterprises and adequate retail services.

[fol. 5928] Data Supporting Need for Additional Banking Services or Facilities to Be Offered by Proposed Branch.

1. What banking services will be offered by the proposed branch?

Complete Banking Service including commercial and consumer credit loans, deposit services, safe deposit, etc.—including all services offered by existing branches of the Bank. Parking and drive-in facilities will also be provided.

2. Estimate of amount of business now being done in area by applicant, including time and demand deposits and loans.

2,400,000.....	Demand Deposits
3,200,000.....	Time Deposits
500,000.....	Loans

3. Estimate of new business which proposed branch will attract, including time and demand deposits and loans.

3,000,000	Demand Deposits
1,000,000	Time Deposits
300,000	Loans

4. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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There are no large businesses in the area, excepting branch offices of chain concerns for which the figures are not available. Most businesses within the area are of the local individual or family businesses type.

[fol. 5929] Additional Information Supporting Application

Applicant should supply in this space, and on additional sheets if required, any further facts or reasons to support this application.

For some time we have known that the physical facilities of our office at 60th and Ludlow are not adequate to properly service our business. Presently, we have approximately 17,000 accounts representing a deposit liability of \$18,000,000.00 serviced in a useable area 29' x 70' with consumer credit, saving fund and other facilities in "walk up" mezzanine space. The result is that even at the most "off-peak periods" both customers and employees are harassed by overcrowding. Furthermore, in this heavily trafficked area, the problem is accentuated by the lack of parking and/or drive-in facilities. We have been deterred from acquiring contiguous sites or new neighborhood sites because of the very high capital cost involved. Studies of our present office reveal that approximately 30% of its accounts originate to the N NW of it from Market Street to Haverford Avenue decreasing in intensity to Lancaster Avenue. The subject location is in the heart of this section and we believe it would be of benefit both to us and to the community, not only by enabling us to provide adequate banking facilities for a very substantial number of our customers, but also to provide parking and drive-in facilities for all customers in the entire area. In addition,

it would give us the opportunity to expand our business which under present conditions, is almost impossible to do and, further, it would preclude the necessity of a very much larger capital outlay at our present office by siphoning off a substantial percentage of the volume.

**Certificate of Official of Applicant Bank**

I Geoffrey S. Smith do hereby certify that I have read this application and that the information contained therein is true and correct to the best of my knowledge and belief, and is submitted to the Department of Banking for the purpose of obtaining a Letter of Authority to establish a branch.

Geo. S. Smith, Signature of President.

Orville A. Benslee, Witness.  
February 6, 1956.

[fol. 5930]      GOVERNMENT'S EXHIBIT 76

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

Application to Establish a Branch Under the Provisions  
of the Banking Code of the Commonwealth of Pennsylvania,  
as Amended.

March 3, 1958.

Girard Trust Corn Exchange Bank, Northwest Corner  
Broad and Chestnut Streets, Philadelphia 2, Pennsylvania  
hereby makes application to the Department of Banking of  
the Commonwealth of Pennsylvania for a Letter of Au-  
thority for the establishment of a branch in Upper Darby  
(Township), Delaware (County), Pennsylvania (State).

And the exact location of the branch to be operated is  
6908-10 Market Street, Upper Darby Township, Delaware  
County, Pennsylvania.

**Reasons for Filing This Application:**

This application covers the Main Office of the Upper  
Darby National Bank which has proposed to merge with



the Girard Trust Corn Exchange Bank, subject to the approval of the Federal and State authorities and the stockholders of both Banks.

### Certificate of Official of Applicant Bank

I, A. R. Shaw, do hereby certify that this application has been prepared pursuant to a resolution adopted by the Board of Directors of applicant institution, a certified copy of which is attached hereto.

A. E. Shaw, Signature of President or Secretary.

Robert C. Allen, Witness.

Philadelphia, Pa., Feb. 25, 1958.

[fol. 5931] GOVERNMENT'S EXHIBIT 76-A

Commonwealth of Pennsylvania, Department of Banking  
Harrisburg

### Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Pennsylvania.

Exact location of the branch to be operated is 6900-10 Market Street, Upper Darby Township, Delaware County, Pennsylvania.

## [fol. 5932] Additional Information

Applicant should supply in this space, and on additional sheets if required, any further information deemed necessary or desirable.

Delaware County as a whole, and the area influenced by this office, has witnessed a sustained period of growth during the past decade, and this growth is continuing at a rapid pace. This is evidenced by the fact that in April of 1957, the population of the county was estimated at 531,590 persons, compared to 414,234 in 1950, for a gain of 28.3%. This rapid population growth has been accompanied by strong commercial development.

The merged bank will provide many additional banking services to this rapidly growing community. At the same time, it will provide banking service for present customers of the Girard Trust Corn Exchange Bank moving to this area and to customers who now reside there.

## Certificate of Official of Applicant Institution

I, A. E. Shaw, do hereby certify that the information contained herein is true and correct to the best of my knowledge and belief and is submitted to the Department of Banking for the purpose of obtaining its approval as required under the provisions of the Banking Code, as amended.

A. E. Shaw, Signature of Secretary

Robert C. Allen, Witness.  
March 3, 1958.

## [fol. 5933] GOVERNMENT'S EXHIBIT 76-C

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

## Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as

below described, the applicant institution submits the following information.

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Street, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6905-10 Market Street, Upper Darby, Delaware County, Pennsylvania.

Exact location of the branch to be operated is 4221 Ferne Boulevard, Drexel Hill, Upper Darby Township, Delaware County, Pennsylvania.

[fol. 5934] GOVERNMENT'S EXHIBIT 76-E

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

### Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Delaware County, Pennsylvania.

Exact location of the branch to be operated is 1625 East Darby Road, Havertown, Haverford Township, Delaware County, Pennsylvania.

## [fol. 5935] Information—Re: Location

1. Population. (Use United States Census figures in first two columns).

	1940	1950	1957 Estimate
City .....			
Borough .....			
Village .....			
Township Haverford .....	27,594	39,641	51,550

2. Furnish a map of the area to be served by the proposed branch, its location and the location of all banks or branch offices now serving the area.

3. Population of area from which banking business is now attracted. (Use U.S. Census figures if available, otherwise indicate source).

	1940 (Source) not available by census tract	1950 U.S. Census (Source) 13,457	1957 Estimate 17,494
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4. Describe on a separate page the economic development of the area since 1940 as to:

- (a) Residential
- (b) Commercial
- (c) Industrial

5. Indicate the distance and direction of the proposed branch from the main office and other established branches of the applicant institution.

Address	Distance	Direction**
From Main Office Broad & Chestnut Sts. Phila.	8 8/10 miles	North-Northwest
From Branch at 60th & Ludlow Sts. Phila.	4 miles	West-Northwest
From Branch at 18 E. Wynnewood Road, Lower Merion	2 5/10 miles	Southeast

\* The 1950 population is based upon these census tracts adjacent to the Haver-town Office. The 1957 estimate has been obtained by adding 30% onto the 1950 U. S. census figures. This percentage increase is the estimated growth which occurred between 1950 and 1957, according to the Delaware County Planning Commission.

\*\* The Girard Trust Corn Exchange Bank has many other branches. We have indicated the distances from the Main Office and the nearest two offices.

## [fol. 5936] 4. Economic Development of the Area

## a. Residential

Residential development in the trading area consists of good quality single homes with market values ranging from \$15,000 to \$40,000. The major portion of the land is zoned

for residential use, and the land has been developed intensely due to the good transportation facilities and schools serving the area. The older residential sections, such as Brookline, Merwood and Oakmont, are almost completely developed, whereas new housing construction in locations such as Chatham Village, Penfield and Chatham Park has provided extensive residential growth in the past decade. Haverford Township's population grew 80% from 1940 to 1957.

#### b. Commercial

Scattered commercial growth exists along the entire length of Darby Road from where it crosses the West Chester Pike westward to Eagle Road. Commercial focal points exist at Manoa Road, Brookline Boulevard, and at Eagle Road.

This branch office is located on the outskirts of a community shopping center at Brookline Boulevard and Darby Road which has been serving Haverford Township for over 20 years. The center consists of two large super markets and approximately seventy retail service stores. Excellent transportation facilities and good roads have materially assisted in the development and strengthening of this commercial center.

#### c. Industrial

This is essentially a residential and commercial area with zoning regulations which preclude any extensive industrial growth.

In summary, this is a good quality suburban residential area which has witnessed strong residential growth during the past ten years. This growth has been accompanied by necessary commercial expansion to service the needs of the growing population.



[fol. 5937] GOVERNMENT'S EXHIBIT 76-G

## Terminal Office

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

## Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Pennsylvania.

Exact location of the branch to be operated is PTC Terminal Bldg., Market Street at 69th Street, Upper Darby Township, Delaware County, Pennsylvania.

[fol. 5938] Information-Re: Location

1. Population. (Use United States Census figures in first two columns).

	1940	1950	1957 Estimate
City .....			
Borough .....			
Village .....			
Township Upper Darby .....	56,883	84,951	92,060

2. Furnish a map of the area to be served by the proposed branch, its location and the location of all banks or branch offices now serving the area.

3. Population of area from which banking business is now attracted. (Use U. S. Census figures if available; otherwise indicate source).

1940 (Source)	1950 (Source)	1957 Estimate
50,000	75,000	96,000

4. Describe on a separate page the economic development of the area since 1940 as to:

- (a) Residential
- (b) Commercial
- (c) Industrial

5. Indicate the distance and direction of the proposed branch from the main office and other established branches of the applicant institution.

Address	Distance	Direction**
From Main Office Broad & Chestnut Sts. Phila.	5 8/10 miles	due west
From Branch at 60th & Ludlow Sts. Philadelphia	1 mile	due west
From Branch at 427-35 North 63rd St. Philadelphia	1 2/10 miles	southwest
From Branch at 18 E. Wynnewood Rd. Lower Merion	3 3/10 miles	southeast

In addition to the three offices of the applicant bank located in the vicinity of the 69th Street area, there are two additional offices of the bank to be merged other than the one covered in this application. One is located at 6910 Market and the other is at Ludlow and Glendale Street.

\* This office is a service station for commuters using the PTC elevated and bus lines which converge at 69th and Market together with patrons of the Philadelphia Suburban Transportation Company's high speed trolley lines which serve most of Delaware County and some parts of Western Montgomery County. Prior to signing the lease for this office, Upper Darby National Bank received the commuter figures above, indicating the number of persons using these transportation facilities daily.

\*\* The Girard Trust Corn Exchange Bank has many other branches. We have indicated the distances from the Main Office and the nearest three offices.

#### [fol. 5939] Additional Information

Applicant should supply in this space, and on additional sheets if required, any further information deemed necessary or desirable.

Due to the highly congested traffic and parking conditions in the 69th Street area, and to the tremendous number of commuters using this transportation hub, this service office was opened in April of 1950 to provide convenient facilities for customers of the Upper Darby National Bank and to relieve the banking traffic at the Main Office at 6910 Market Street. This office has not only served many existing customers of the bank but has been a continual source of new business.

Delaware County as a whole, and the area influenced by this office, has witnessed a sustained period of growth during the past decade, and this growth is continuing at a rapid pace. This is evidenced by the fact that in April of 1957, the population of the country was estimated at 531,590 persons, compared to 414,234 in 1950, for a gain of 28.3%. This rapid population growth has been accompanied by strong commercial development.

The merged bank will provide many additional banking services to this rapidly growing community. At the same time, it will provide banking services for present customers of the Girard Trust Corn Exchange Bank moving to this area and to customers who now reside there.

#### Certificate of Official of Applicant Institution

I A. E. Shaw do hereby certify that the information contained herein is true and correct to the best of my knowledge and belief and is submitted to the Department of Banking for the purpose of obtaining its approval as required under the provisions of the Banking Code, as amended.

A. E. Shaw, Signature of President or Secretary.

Robert C. Allen, Witness.  
March 3, 1958.

[fol. 5940] GOVERNMENT'S EXHIBIT 76-I

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

#### Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below

described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pa.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Delaware County, Pennsylvania.

Exact location of the branch to be operated is Glendale Road and Ludlow Street, Upper Darby Township, Delaware County, Pennsylvania.

[fol. 5941] Additional Information

Applicant should supply in this space, and on additional sheets if required, any further information deemed necessary or desirable.

Due to the strong regional influence of this highly concentrated shopping center parking has become a major problem. This drive in office, with its three drive in and one walk up windows has enabled the customers of the bank to be serviced with a minimum of inconvenience. This drive in office handles over 4,000 cars a week.

Delaware County as a whole, and the area influenced by this office, has witnessed a sustained period of growth during the past decade, and this growth is continuing at a rapid pace. This is evidenced by the fact that in April of 1957, the population of the county was estimated at 531,590 persons, compared to 414,234 in 1950, for a gain of 28.3%. This rapid population growth has been accompanied by strong commercial development.

The merged bank will provide many additional banking services to this rapidly growing community. At the same time, it will provide banking services for present customers of the Girard Trust Corn Exchange Bank moving to this area and to customers who now reside there.

Certificate of Official of Applicant Institution

I A. E. Shaw do hereby certify that the information contained herein is true and correct to the best of my knowledge and belief and is submitted to the Department of Bank-

ing for the purpose of obtaining its approval as required under the provisions of the Banking Code, as amended.

A. E. Shaw, Signature of President or Secretary.

Robert C. Allen, Witness.

March 3, 1958.

[fol. 5942] GOVERNMENT'S EXHIBIT 76-K

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

### Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Delaware County, Pennsylvania.

Exact location of the branch to be operated is Manoa Shopping Center, West Chester Pike and Eagle Road, Havertown, Haverford Township, Delaware County, Pennsylvania.

[fol. 5943] Information—Re: Location

1. Population. (Use United States Census figures in first two columns).



	1940	1950	1957 Estimate
City .....			
Borough .....			
Village .....			
Township Haverford .....	27,594	39,641	51,550

2. Furnish a map of the area to be served by the proposed branch, its location and the location of all banks or branch offices now serving the area.

3. Population of area from which banking business is now attracted. (Use U. S. Census figures if available; otherwise indicate source).

1940 (Source)	1950 U.S. Census (Source)	1957 Estimate*
Not available by Census Tract	13,005	16,906

\* The 1950 population is based upon those census tracts adjacent to the Main Office. The 1957 estimate has been obtained by adding 30% onto the 1950 U.S. Census figures. This percentage increase is the estimated growth which occurred between 1950-7 according to the Delaware County Planning Commission.

\*\* The Girard Trust Corn Exchange Bank has many other branches. We have indicated the distances from the Main Office and the nearest two offices.

4. Describe on a separate page the economic development of the area since 1940 as to:

- (a) Residential
- (b) Commercial
- (c) Industrial

5. Indicate the distance and direction of the proposed branch from the main office and other established branches of the applicant institution:

Address	Distance	Direction
From Main Office Broad and Chestnut Sts. Phila. ....	9 1/10 miles	N. Northwest
From Branch at 60th & Ludlow Sts., Phila. ....	4 3/10 miles	W. Northwest
From Branch at 18 E. Wynnewood Rd. Lower Merion .....	3 3/10 miles	W. Southwest

[fol. 5944] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	6/29/57			
		Total Resources	Time Deposits	Demand Deposits	Total Loans
Phila. Saving Fund Society	Same Shopping Center	994,839,326	877,980,205	0 428,143,564	

Branch figures are not available. Figures shown are for the Philadelphia Savings Fund Society — a whole.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

**Colonial Federal Savings and Loan Association**

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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This area is primarily of a residential and commercial nature and there are no large businesses in the community.

[fol. 5945]      GOVERNMENT'S EXHIBIT 76-M

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

**Information**

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Streets, Upper Darby, Delaware County, Pennsylvania.

Exact location of the branch to be operated is 1021 Pontiac Road, Drexel Hill, Upper Darby Township, Delaware County, Pennsylvania.

[fol. 5946] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	(000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans

None located in the trading area.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

Metropolitan Federal Savings & Loan Association.

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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This area is primarily of a residential and commercial nature and there are no large businesses in the community.

[fol. 5947] GOVERNMENT'S EXHIBIT 76-O

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

### Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Cor. Broad and Chestnut Streets, Philadelphia 2, Pa.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Delaware County, Pennsylvania.

Exact location of the branch to be operated is 3533 West Chester Pike, Newtown Square, Newtown Township, Delaware County, Pennsylvania.

. . . . .

[fol. 5948] GOVERNMENT'S EXHIBIT 76-Q

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

### Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Delaware County, Pa.

Exact location of the branch to be operated is 712 1/2 Church Lane, Yeadon Borough, Delaware County, Pa.

. . . . .

[fol. 5949] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	(000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans

None located in the trading area.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

Belfried Savings and Loan Association

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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This area is primarily of a residential and commercial nature and there are no large businesses in the community.

[fol. 595] GOVERNMENT'S EXHIBIT 76-S

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

### Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Delaware County, Pennsylvania.

Exact location of the branch to be operated is Lawrence Park Shopping Center, Lawrence & Sproul Roads, Broomall, Marple Township, Delaware County Pennsylvania.



[fol. 5951] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	(000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans

None located in the trading area.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

None now located in the area.

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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This area is primarily of a residential and commercial nature and there are no large businesses in the community.

[fol. 5952] GOVERNMENT'S EXHIBIT 76-U

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

### Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Delaware County, Pennsylvania.

Exact location of the branch to be operated is West Chester Pike and Summit Avenue, Broomall, Marple Township, Delaware County, Pennsylvania.

[fol. 5953] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	(000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans
None located in the trading area.					

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

I. C. C. Loan Company.

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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This area is primarily of a residential and commercial nature and there are no large businesses in the community.

[fol. 5954] GOVERNMENT'S EXHIBIT 76-W

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

## Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

March 3, 1958.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described. The applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

Upper Darby National Bank (Name of institution, party to merger or consolidation), 6908-10 Market Street, Upper Darby, Delaware County, Pennsylvania.

Exact location of the branch to be operated is Penn Fruit Building, Baltimore Pike and Oak Lane, Upper Darby Township, Delaware County, Pa. (Clifton Heights Post Office).

[fol. 5955] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	12/31/57 (000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans
Fidelity-Philadel- phia Trust Co.	1/10 mile	\$408,156	\$368,089		\$199,521

\* Figures are for the Bank as a whole—branch figures are not available.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

Ritter Finance Company, Inc.

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
Statistics for concerns listed below are not available.			
Clifton Builders Supply Co.			Ketterlinus Lithographic Mfg. Co.
Clifton Precision Products Co.			McCandless Corporation, The
Clifton Yarn Mills, Inc.			Penn State Coat & Apron Mfg. Co.
Crucible Steel Co. of America			Prewitt Aircraft Company
Equipment Corporation of America			Slinky Industries
Franklin Printing Company			Williams-Marcus
Hollingsworth Corp., John R.			(affiliate—Franklin Printing)
Kent Mfg. Company			Zenith Metal Products

[fol. 5956]

## GOVERNMENT'S EXHIBIT 77-A

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

## Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

September 9, 1957.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

The National Bank of Narberth (Name of institution, party to merger or consolidation), Narberth, Pennsylvania.

Exact location of the branch to be operated is Haverford and Essex Avenues, Narberth, Pennsylvania.

[fol. 5957] 6. Furnish below the information requested with respect to all other banking institutions (both State

and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	(000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans

None in the immediate neighborhood.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

None in the immediate neighborhood.

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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There are no large businesses in the Borough of Narberth. It is primarily a residential and commercial community.

#### [fol. 5958] Additional Information

Applicant should supply in this space, and on additional sheets if required, any further information deemed necessary or desirable.

Montgomery County, as a whole, and the area influenced by this office, has witnessed a sustained period of growth during the past decades and this growth is continuing at a rapid pace. This is evidenced by the fact that in April of 1956, the population of the county was estimated at 475,000 persons compared to 353,000 in 1950. This rapid population growth has been accompanied by commercial and industrial development, although there is little possibility of commercial and industrial growth in the neighborhood of of this particular office.

The merged bank will provide many additional banking services to this rapidly growing community. At the same time it will provide banking services for present customers of the bank moving to this area and to customers who now reside there.



# Certificate of Official of Applicant Institution

I A. E. Shaw do hereby certify that the information contained herein is true and correct to the best of my knowledge and belief and is submitted to the Department of Banking for the purpose of obtaining its approval as required under the provisions of the Banking Code, as amended.

\_\_\_\_\_, \_\_\_\_\_, Signature of Secretary.

Robert C. Allen, Witness.  
September 9, 1957.

[fol. 5959] GOVERNMENT'S EXHIBIT 77-C

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

## Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

September 9, 1957.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia, Pennsylvania.

The National Bank of Narberth, (Name of institution, party to merger or consolidation), Essex and Haverford Avenues, Narberth, Pennsylvania.

Exact location of the branch to be operated is No. One Bala Avenue, Bala-Cynwyd, Pennsylvania.

[fol. 5960] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	12/31/56 (000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans
First Pennsylvania Company. 54th Street below City Line	½ mile	\$1,158,489,054.		\$1,026,006,787.	\$543,360,125.

No other bank is now located in the immediate neighborhood. Newspaper releases indicate, however, that the First Pennsylvania Company has had an office approved in the Presidential Apartments at Presidential Boulevard and City Line Avenue, and that Fidelity Philadelphia Trust Company has had an office approved for the Bala Cynwyd Center at Belmont and City Line Avenues.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

West Philadelphia Federal Savings and Loan, 54th and City Line Avenue.

We understand that the Cayuga Federal Savings & Loan Association has received approval for a branch office location on the Philadelphia side of City Line Avenue in the vicinity of the Bala Office.

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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This area is primarily of a residential and commercial nature. There are no large businesses in the area, however, there are many offices and retail stores of national concerns.

[fol. 5961] GOVERNMENT'S EXHIBIT 77-E

Commonwealth of Pennsylvania, Department of Banking  
Harrisburg

Information

To be furnished in connection with a request for the Banking Department's approval as required by the Banking Code.

September 9, 1957.

To the Department of Banking:

In support of its request for the Department's approval to retain and/or operate a branch place of business as below described, the applicant institution submits the following information:

Girard Trust Corn Exchange Bank (Name of surviving or newly incorporated institution), Northwest Corner Broad and Chestnut Streets, Philadelphia 2, Pennsylvania.

The National Bank of Narberth (Name of institution, party to merger or consolidation), Essex and Haverford Avenues, Narberth, Pennsylvania.

Exact location of the branch to be operated is 18 East Wynnewood Road, Wynnewood, Pennsylvania.

[fol. 5962] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	(000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans
None in the immediate neighborhood.					

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies and credit unions).

None in the immediate neighborhood, however, we understand that the Public Federal Savings & Loan Association of Philadelphia has made application for a branch office in the vicinity of Wynnewood and Lancaster Roads.

8. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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There are no large businesses in this neighborhood, however, there are numerous offices and retail stores of large national concerns.

[fol. 5963] GOVERNMENT'S EXHIBIT 78

Commonwealth of Pennsylvania, Department of Banking,  
Harrisburg

Application to Establish a Branch Under the Provisions  
of the Banking Code of the Commonwealth of Pennsylvania,  
as Amended.

April 12, 1957.

The Girard Trust Corn Exchange Bank hereby makes application to the Department of Banking of the Commonwealth of Pennsylvania for a Letter of Authority for the establishment of a branch in Philadelphia (City), Philadelphia (County), Pennsylvania.

And the exact location of the branch to be operated is Northeast radius corner of Washington Lane and Stenton Avenue purported to be 7167 Stenton Avenue.

Note: (All such offices other than branches resulting from mergers or consolidation, to be located outside city, borough, or village of main office location require Banking Board approval).

[fol. 5964] Information—Re: Location.

1. Population. (Use United States Census figures in first two columns).

	1940	1950	1955 Estimate
City	1,931,344	2,071,603	2,161,000
Borough			
Village			
Township			

2. Furnish a map of the area to be served by the proposed branch, its location and the location of all banks or branch offices now serving the area.

3. Population of area from which banking business will be attracted. (Use U. S. Census figures if available, otherwise indicate source).

	1940 U. S. Census (Source)	1950 U. S. Census (Source)	1955 Estimate*
1/2 mile radius Washington Lane & Stenton Avenue	8,808	15,133	16,777

\* 1955 Estimate by Philadelphia City Planning Commission.

4. Describe on a separate page the economic development of the area since 1940 as to:

- (a) Residential
- (b) Commercial
- (c) Industrial

5. Indicate the distance and direction of the proposed branch from the main office and other established branches of the applicant bank.

Address	Distance	Direction
From Main Office Broad and Chestnut	8.0 miles	N. nw
From Branch at 72nd and Ogontz	.8 mile	S. sw
From Branch at Germantown Ave. and School Lane	2.25 miles	N. Ne

[fol. 5965] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	(000.0mitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans

None located in the immediate area.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies, and credit unions).

Name	Distance from Proposed Branch
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We understand that the Federal Savings and Loan Association has made application for a branch in this area, and have requested of the municipal authorities a variance from zoning regulations which is being protested by local residents.



[fol. 5966] Data Supporting Need for Additional Banking Services or Facilities to Be Offered by Proposed Branch.

1. What banking services will be offered by the proposed branch?

Complete banking service including Commercial and Consumer Credit Loans, Depository Services, Safe Deposit, and other services now offered by existing branches of the Bank. Parking facilities will be provided.

2. Estimate of amount of business now being done in area by applicant, including time and demand deposits and loans.

\$2,500,000.....	Demand Deposits
\$1,000,000.....	Time Deposits
\$350,000.....	Loans

3. Estimate of new business which proposed branch will attract, including time and demand deposits and loans.

\$2,750,000.....	Demand Deposits
\$1,750,000.....	Time Deposits
\$500,000.....	Loans

4. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
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There are no large businesses in the area except retail branch locations of national concerns.

[fol. 5967] Additional Information Supporting Application

Applicant should supply in this space, and on additional sheets if required, any further facts or reasons to support this application.

This is a heavily populated residential neighborhood which has witnessed large growth in the years 1940 to 1955. During the past five years, a commercial shopping center has developed at the intersection of Washington Lane and Stenton Avenue, and this center has continued to expand by adding additional stores. Commercial development has also steadily developed along Stenton Avenue east and west of the subject area.

We now have considerable business in the subject area out of our Germantown and West Oak Land Offices (approximately \$3,500,000, in deposits). Our Germantown and West Oak Land Offices have provided this area with banking facilities prior to its recent rapid development, and, therefore, an office at this location would provide on-the-spot banking facilities in this growing community.

We believe a branch office at this site will enable us to not only retain this existing business, but attract new business.

#### Certificate of Official of Applicant Bank

I Geoffrey S. Smith do hereby certify that I have read this application and that the information contained therein is true and correct to the best of my knowledge and belief and is submitted to the Department of Banking for the purpose of obtaining a Letter of Authority to establish a branch.

Geof. S. Smith, Signature of President.

O. H. Beadle, Witness.  
April 12, 1957.

[fol. 5968] GOVERNMENT'S EXHIBIT 78-A

#### Memorandum

2/19/57

Approved—add vault—by Planning Committee.

February 1, 1957.

To: Mr. O. H. Beadle, Vice President.

From: Robert C. Allen.

Re: Branch Office—Washington Lane and Stenton Avenue

For some time we have been surveying this general area for the possibility of locating a branch office. We have recently been offered a site at a rental cost of approximately \$3.00 per square foot. For an office of 30' x 70', the annual rental would be approximately \$6,300. and improvements, not including a vault, would cost approximately \$50,000.

The intersection of Washington Lane and Stenton Avenue is approximately three-quarters of a mile southwest of our West Oak Lane Office. It is a heavily populated residential area of single, semi-detached and row dwellings which has witnessed a 90% growth in population from 1940 to 1955. We estimate that 16,700 persons live within a half-mile radius of this site. This exceeds the population surrounding six of our present neighborhood offices.

During the past five years, an entire city block has been developed commercially and a parking area of approximately 1,500 cars established. Retail commercial developments include two super markets, a state store, a Howard Johnson Restaurant, and roughly 35 other retail stores of the usual neighborhood variety. Thus, this intersection has become the retail shopping focal point for the immediate neighborhood. Additional land is available for further commercial development. Scattered commercial development also exists westwardly along Stenton Avenue to Easton Road and eastwardly to Wyncote Avenue. This is primarily a residential community, however, similar to our West Oak Lane Office.

Competition arises chiefly from our own West Oak Lane branch which is three-quarters of a mile to the northeast and from Fidelity and P.S.F.S. which are located a little further north. The Germantown Saving Fund Office at Cheltenham and Wyncote is only five-eighths of a mile to the southeast, but it is out of the marketing area of the population we would expect to draw from.

We estimate that we are now doing business in this area out of our Germantown and West Oak Lane Offices to the following extent:

Regular Checking.....	\$2,298,500
Special Checking.....	185,600
Saving Fund.....	950,000
<b>Total Deposits.....</b>	<b>\$3,434,100</b>
Consumer Loans.....	\$ 134,000
Commercial-Collateral.....	211,500
<b>Total Loans.....</b>	<b>\$ 345,500</b>

[fol. 5969] In addition to the existing deposits described above, it is estimated that we could expect to attract \$3,000,000. additional in deposits from this area.

Although the Washington Lane and Stenton Avenue site does not have the potentialities of a Germantown or even a Mayfair, there are, nevertheless, compelling reasons for us to consider establishing an office here. One of the chief reasons would be to protect the business we already have in this area which has been described above. If a competitor should move into this site, we could expect to feel the impact sharply at our West Oak Lane and Germantown Offices. A second reason would be to participate in the growth which has already taken place and which, undoubtedly, will continue. This site establishes a central link in a chain of influence extending northward from our Germantown Office to West Oak Lane. It would represent the beginning of our influence in an area where we would hope to radiate westward to include Mt. Airy, Chestnut Hill, Wyndmoor, and the Erdenheim and Flourtown areas. The Germantown Office could act as a "mothering" office of these satellite locations just as the Frankford Office has done in the Northeast.

In my opinion, an office at this site can be operated at a profit if costs are continually kept under control. This site could represent a test case of whether a limited type office which offers less than full banking services is desirable from the Bank's point of view. From an expense standpoint, the cost of improvements to the site should be minimized. For example, the office should not have a vault or safe deposit facilities, which would lessen the cost of improvements by approximately \$30,000. Provisions could be made to install a vault at a later date should this become necessary. Mechanical equipment expenditures may be minimized by utilizing used equipment, for example, adding and saving fund machines account for 50% of the total cost of mechanically equipping a new office.

In a nutshell, we can operate a profitable office at this site if costs (improvements, equipment and staff) are kept to a minimum. This location would protect our existing business and situate us in a growing community, which, accompanied by later expansion westward, would strengthen our entire branch office chain.

I recommend, therefore, that we consider leasing a site in this neighborhood to establish a branch office.

emc

Robert C. Allen.

[fol. 5970]. GOVERNMENT'S EXHIBIT 78-B

## Memorandum

March 29, 1957.

To: Mr. Basil L. Harlow, Senior Vice President.

From: O. H. Beadle.

Re: Branch Office—Washington Lane and Stenton Avenue.

Under date of February 1st, I submitted a memorandum to you concerning the advantages of establishing a branch site at Washington Lane and Stenton Avenue and suggested that we consider obtaining a site in this neighborhood for that purpose.

Under date of February 19th, the Planning Committee approved the suggestions contained in the memorandum and recommended that the site be of sufficient size to enable us to provide full banking facilities including a vault.

Since that time, we have been negotiating with the owner of the shopping center who has agreed to lease a site at the intersection of Washington Lane and Stenton Avenue containing approximately 35 feet on Stenton Avenue through a depth of 100 feet, upon which he will construct a one story and basement building according to plans and specifications to be approved by us. The lease would also provide for our use of the parking facilities now available.

The term of the lease would be for a period of ten years at a rental of \$10,500. per year (\$300 per square foot based on the ground floor area) with the option to renew for an additional ten years upon the same terms.

The owner would provide the finished building shell including heating system and allowances for floor covering, electric fixtures, etc. and would also provide for a vault foundation meeting our specifications. We would have to provide for the installation of all banking facilities which Mr. Brazer estimates will cost approximately \$70,000. Cost of furniture, fixtures and equipment will probably approximate \$20,000.

At the moment, there are a number of details that still have to be worked out, but in the meantime, I would like to have the recommendation of the Planning Committee



either as to approval or disapproval for entering into a lease on substantially the basis mentioned above.

O. H. Beadle.

eme

[fol. 5971] GOVERNMENT'S EXHIBIT 78-C

# Memorandum

April 3, 1957.

To: Mr. Geoffrey S. Smith, President.

From O. H. Beadle.

Re: Branch Office—Washington Lane and Stenton Avenue.

The half-mile radius of the area surrounding the above location is a heavily populated residential section of single, semi-detached, row dwellings in which there has been substantial growth within the past ten years. Census figures indicate a population of some 16,000 persons within this limited area which exceeds the population surrounding six of our present offices.

During the past five years, an entire city block has been developed commercially and contains a parking area for approximately 1,500 cars. Scattered commercial development also exists westwardly and eastwardly from this specific site and additional ground is available for further development.

We have been offered a site at the intersection of Washington Lane and Stenton Avenue containing approximately 35 feet on Stenton Avenue through a depth of 100 feet upon which would be constructed for our use a one story and basement building.

The lease term would be for a period of ten years with a rental of \$10,500. per year (\$3.00 per square foot based on the ground floor area) with option to renew for an additional ten years upon the same terms and would provide for our use of the parking facilities.

The estimated cost of providing facilities and all equipment would approximate \$90,000. to \$100,000. including a vault.

At the moment, we have on our books about \$2,500,000 of deposit liability originating within this area, and we estimate that it will generate about \$3,000,000. in new deposits over a period of possibly five years.

O. H. Beadle.

emc

[fol. 5972] GOVERNMENT'S EXHIBIT 79

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

Application to Establish a Branch Under the Provisions of the Banking Code of the Commonwealth of Pennsylvania, as Amended.

February 28, 1956.

The Girard Trust Corn Exchange Bank hereby makes application to the Department of Banking of the Commonwealth of Pennsylvania for a Letter of Authority for the establishment of a branch in Philadelphia (City), Philadelphia (County), Pennsylvania.

And the exact location of the branch to be operated is Suburban Station Building, Seventeenth Street and Pennsylvania Boulevard, Philadelphia.

Note: (All such offices other than branches resulting from mergers or consolidations, to be located outside city, borough, or village of main office location require Banking Board approval).

[fol. 5973] Information—Re: Location

1. Population. (Use United States Census figures in first two columns).

	1940	1950	1955 Estimate
City.....	1,931,334	2,071,605	2,161,000
Borough.....			
Village.....			
Township.....			

2. Furnish a map of the area to be served by the proposed branch, its location and the location of all banks or branch offices now serving the area.

3. Population of area from which banking business will be attracted. (Use U. S. Census figures if available, otherwise indicate source).

	1940 (Source)	1950 (Source)	1955 Estimate
	10,053	10,600	12,500*
* City Planning Commission			

4. Describe on a separate page the economic development of the area since 1940 as to:

- (a) Residential
- (b) Commercial
- (c) Industrial

5. Indicate the distance and direction of the proposed branch from the main office and other established branches of the applicant bank.

Address	Distance	Direction
From Main Office Broad & Chestnut Streets	1/4 Mile	N. W.
From Branch at 12th & Spring Garden Streets	1 1/4 Miles	S. W.

[fol. 5974] Data Supporting Need for Additional Banking Services or Facilities to Be Offered by Proposed Branch.

1. What banking services will be offered by the proposed branch?

Complete banking service, including Commercial and Consumer Credit Loans, Depository Services, Safe Deposit and other services offered by the existing branches of the Bank. Drive-in facilities will be provided.

2. Estimate of amount of business now being done in area by applicant, including time and demand deposits and loans.

(Business in Suburban Station Building alone)

Demand Deposits	\$12,500,000
Time Deposits	500,000
Loans	3,500,000

3. Estimate of new business which proposed branch will attract, including time and demand deposits and loans.

Demand Deposits	\$ 6,000,000
Time Deposits	1,000,000
Loans	2,000,000

4. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
Not required for this particular location.			

[fol. 5975] Additional Information Supporting Application.

Applicant should supply in this space, and on additional sheets if required, any further facts or reasons to support this application.

From the foregoing information it can be seen that we now have a substantial amount of business originating from this immediate neighborhood. In addition to this the Penn Center area, as this section is generally known, has and will continue to develop substantially and, therefore, it will present us with an opportunity to secure business from the new firms and individuals moving in. We believe that the potential business is not limited to the development on the ground area made available by the demolition of the Pennsylvania Railroad's tracks, but there is also included the perimeter section on Market, Arch and Vine Streets, as well as the "triangle area to the westward" which will also be developed, and in future years will provide us with an even greater potential business development.

Certificate of Official of Applicant Bank

I G. S. Smith do hereby certify that I have read this application and that the information contained therein is true and correct to the best of my knowledge and belief and is submitted to the Department of Banking for the purpose of obtaining a Letter of Authority to establish a branch.

\_\_\_\_\_, \_\_\_\_\_, Signature of President or Secretary.

J. Milton Hoffa Witness Comptroller.

February 28, 1956.

[fol. 5976]

GOVERNMENT'S EXHIBIT 80

COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING,  
HARRISBURG

Application to Establish a Branch Under the Provisions  
of the Banking Code of the Commonwealth of Pennsylvania,  
as Amended.

April 11, 1956.

The Girard Trust Corn Exchange Bank hereby makes  
application to the Department of Banking of the Common-  
wealth of Pennsylvania for a Letter of Authority for the  
establishment of a branch in Philadelphia, (City), Phila-  
delphia, (County), Pennsylvania.

And the exact location of the branch to be operated is  
23rd Passyunk and Ritner Streets.

Note: (All such offices other than branches resulting  
from mergers or consolidation, to be located outside city,  
borough, or village of main office location, require Bank-  
ing approval).

[fol. 5977] The immediate area of influence of the sub-  
ject site is bounded roughly by Moore Street and Packer  
or Pattison Avenue on the north and south and by Broad  
Street and the Schuylkill River on the east and west. It is  
primarily a residential area interspersed throughout with  
retail and commercial establishments and to a lesser degree  
with industrial enterprises. The north-northeast sections  
are fully developed with typical old city two-story row  
dwellings; to the east, also fully developed, the section  
generally known as the Girard Estate is probably the best  
residential section in South Philadelphia containing attrac-  
tive two-story twin dwellings occupied by one of the highest  
income groups in South Philadelphia. The well-developed  
character of these particular sections precludes growth.  
On the other hand within the last decade the north-north-  
west section has developed substantially as evidenced by  
estimates of the Philadelphia City Planning Commission of  
population increases of some 76% and an approximate 90%  
increase in dwelling units. From a residential standpoint,  
therefore, although much of the area has remained static



there has been substantial residential growth west of 25th Street to Vare Avenue and present indications are that this growth will continue moderately.

Industrially there has been little if any development within the subject area and the prospects of such in this direction seems remote principally because of the well developed character of the area and the municipal limitations placed on the use of ground that is available.

From a commercial standpoint, however, there has been substantial growth. The section from 19th Street to 25th on Oregon Avenue formerly owned by the Girard Estate within the last several years has been developed as a shopping center and is one of the largest developments of its kind to take place within the city limits. Large installations of Snellenburgs Department Store, Sears and Roebuck, Murphy's Department Store, Robert Hall Clothes, Penn Fruit together with usual types of smaller retail shops are already in operation and the entire center gives evidence of becoming a commercial focal point for South Philadelphia as a whole. The proposed branch site is a part of this commercial development.

In summation although from an industrial standpoint there has been no growth, there has been substantial residential and commercial growth.

[fol. 5978] 6. Furnish below the information requested with respect to all other banking institutions (both State and National) which have their main or any branch office located in the area.

Name of Institution or Branch Office	Distance from Proposed Branch	(000 Omitted)			
		Total Resources	Time Deposits	Demand Deposits	Total Loans
Roosevelt Bank	¼ mile	15,800	7,900	6,500	5,600
*Central Penn Bank	1 mile	251,500	34,500	190,100	136,200
*Phila. Sav. Fund Soc.	1 mile	865,000	804,000	—	345,000
*Beneficial Sav. Fund Society	1 mile	165,000	153,000	—	73,000

\*These three banks are on the outer fringe of the subject area.

7. List below all other financial institutions located in the area (include savings and loan associations, loan companies, consumer discount companies, and credit unions).

Name	Distance from Proposed Branch
Simon Burton Savings and Loan 2009 Passyunk Avenue	1 1/4 mile
South Philadelphia Savings and Loan 2101 South 19th Street	1 1/2 mile
**Marconi Savings and Loan Association Broad and Passyunk Avenue	1 mile
**St. Edmonds Building and Loan (Church) 2315 Mifflin Street	3/4 mile
**Aetna Finance 2047 Oregon Avenue	3/4 mile
**ABC Credit Inc. Broad and Snyder	1 mile
**Beneficial Finance 2027 South Broad	1 mile
**Thompson Finance Service, Inc. 2104 S. Broad	
**Broad Finance Co. Broad—2146 So. (Jackson)	1 mile
C & C. Finance Corp. 2547 S. Broad	3/4 mile

\*\*These concerns are on outer fringe of the subject area.

[fol. 5979] **Date Supporting Need for Additional Banking Services or Facilities to Be Offered By Proposed Branch.**

**1. What banking services will be offered by the proposed branch?**

Complete banking service including Commercial and Consumer Credit loans, Depository Services, Safe Deposit and other services now offered by existing branches of the Bank. Parking facilities will be provided.

**2. Estimate of amount of business now being done in area by applicant, including time and demand deposits and loans.**

300,000 Demand  
100,000 Time  
150,000 Loans

**3. Estimate of new business which proposed branch will attract, including time and demand deposits and loans.**

3,500,000 Demand  
1,500,000 Time  
500,000 Loans

4. List important businesses in the area to be served by proposed branch together with an estimate of the number of employees of each company, approximate annual payroll and approximate annual sales.

Name	Approximate Number of Employees	Approximate Annual Payroll	Approximate Annual Sales
Attached hereto is a partial list of the commercial retail and industrial installations within the area of influence. Many of these companies do not publish or have available information required to furnish the above figures. In other cases for example, nationally known concerns such as Gulf Oil and Atlantic Refining the figures which are available pertain to their overall operation rather than to the operation of the facilities located in this area and are, therefore, not truly indicative of the situation as it exists in this area. ☉			
[fol. 5980]			
Pepsi Cola Bottling Company		25th & Point Breeze Avenue	
PMF Motors		19th & Shunk Streets	
Robert Hall Clothes		19th & Oregon Avenue	
S. W. Young Company (Hauling and Rigging)		20th & Oregon Avenue	
General Baking Company		25th and McKean Streets	
Edw. O'Malley Coal Company		25th & Moore Streets	
Kirkpatrick-Black Coal Company		25th & Moore Streets	
PTC (Car Barn)		16th & Wolf and 20th & Johnson Streets	
Crown Products Company		23rd & Ritner Streets	
Sears Roebuck Company		22nd & Oregon Avenue	
N. Snellenburg Company (Dept. Store)		23rd & Oregon Avenue	
Bell Telephone Company		Broad and Passyunk	
Philadelphia Electric Co.		2009 South Broad Street	
Highway Express Line, Inc.		3200 South 20th Street	
Coastal Truckways		3142 South 20th Street	
Dallart Motor Lines		3142 South 20th Street	
Houff Transfer Inc.		3142 South 20th Street	
U. S. Army, QM Depot		20th & Johnson Street	
Penn Fruit Company		19th & Oregon Avenue	
Murphy's (Department Store)		20th & Oregon Avenue	
Atlantic Refining Company		Vare Avenue & Jackson Street	
Gulf Oil Company		30th & Penrose Avenue	
Quaker City Coal Company		25th & McKean Streets	
Fruitt Oil Company		26th & Hartreft Streets	
DiSapio Bros. (Auto)		27th & Snyder Avenue	

[fol. 5981]

Cipresso Auto Service	29th & Snyder Avenue
Gratz Bros. Motors, Inc.	1815 Oregon Avenue
Sun Ray Fuel Company	1725 Moore Street
Pacific Lincoln-Mercury Company	22nd & Passyunk Avenue
Abbotts Dairies (Machine Shop)	1715 McKean Street

[fol. 5982] Although the high population density, coupled with the residential and commercial growth within the immediate area, after comparison with areas surrounding some of our own profitable existing branches, indicates that the subject area within itself is sufficient to support a profitable branch operation, there are other factors which have

an important bearing on the potential of this particular site.

Proposed plans published by the City of Philadelphia indicate that Vare Avenue will be linked at one end with the new Schuylkill Expressway and at the other end with the proposed Packer Avenue Highway leading to the New Packer Avenue Bridge and will intersect and cross Oregon and Passyunk Avenue. Vare, Oregon and Passyunk, Avenues are main traffic arteries; Passyunk Avenue affording quick access from heavily populated areas of South Philadelphia; Oregon Avenue affording access to the industrial sections lying east of Broad Street to the Delaware River and Vare Avenue within easy driving distance of the industrial sections along the Schuylkill River, the Greys Ferry section and heavily populated areas of West Philadelphia. With feeder highways linked to these important arteries and quick, easy accessibility afforded to the site there opens up the possibility of a very much greater potential area of influence.

In addition it goes almost without saying that the traffic and parking problems in the City of Philadelphia is becoming increasingly important not only to banks but to commercial enterprises. South Philadelphia as a whole is a highly developed section. Parking facilities are almost non-existent with little possibility of supplying this need in the already heavily congested older commercial sections. This particular site will combine the advantages offered by retail and commercial establishments with parking facilities for a least 3,000 cars. Our lease provides for an unlimited access to these facilities.

In summary we believe that not only does the subject area within itself offer opportunities for a profitable branch operation but we believe that its accessibility to be brought about by extensive highway improvements, together with the advantages offered by its retail diversification and parking facilities will provide a potential far greater than that to be derived from the immediate area.

Information for Examiner in Connection with Proposed  
Branch of The Philadelphia National Bank in Ardmore,  
Penna.

(1) The exact address of proposed branch.

The proposed branch is to be located in Suburban Square, Ardmore, Montgomery County, Pennsylvania. There are three possible locations and these have been marked on the map on page 2, with the numbers there corresponding to those which follow:

1. South-east corner of Montgomery Avenue and St. James Place.
2. South-west corner of Montgomery Avenue and St. Georges Road. (in the event location 1 cannot be made available) or
3. Coulter Avenue, east of St. James Place.

(2) Population of head office city.

Population figures for Philadelphia, in which our main office is located, are as follows:

1950 Census	2,071,605
1955 Estimate by Greater Philadelphia Chamber of Commerce	2,161,000

(3) Population of city or town in which the proposed branch is to be located.

The population figures for the town of Ardmore are as follows:

1950 Census	11,183
1954 Estimate of Lower Marion Township Planning Commission	12,030

(4) Estimated population of immediate area which the branch will serve.

The immediate area which the proposed branch would serve more conveniently than bank offices in other towns



is outlined on the map on page 6, with the boundaries described verbally in question 8 below. The estimated 1950 population of this area based upon 1950 Census Tract data was 22,605. The estimated 1954 population of the area based upon data supplied by the Lower Marion Planning Commission was 25,890. Please see pages 7 and 8 for details.

[fol. 5984] (5) Distance and geographical direction from proposed branch to the head office.

Our head office at 1416 Chestnut Street in Philadelphia is located approximately 7.8 miles away from the proposed branch in a south-easterly direction.

(6) A list of the names and addresses of applicant's existing branches located in the city or town where proposed branch is to be situated or within three miles thereof.

We have no existing branch offices in Ardmore or within a three mile radius of Suburban Square in Ardmore.

## (7) Competitor Banks and Branches Within Three Miles Radius.

12-31-54

Key (c)	Banks	Town	Deposits (a)	Loans (a)	Miles & Direction from Proposed Branch
1.	Pa. Co. for Bkg. & Tr.	Ardmore	\$756,137M	\$335,330M	0.3 S
8.	Pa. Co. for Bkg. & Tr.	Overbrook	756,137	335,330	3.0 E
6.	Nat. Bk. of Narberth	Narberth	8,015	2,322	1.5 E
7.	Nat. Bk. of Narberth	Wynnewood	8,015	2,322	1.0 E
2.	Bryn Mawr Tr. Co.	Bryn Mawr	31,938	9,348	2.0 NW
4.	Upper Darby Nat. Bk.	Manoa (b)	44,626	18,014	3.0 SW
3.	Upper Darby Nat. Bk.	Havertown	44,626	18,014	2.1 S
5.	Fid.-Phila. Tr. Co.	City Line Center	340,698	160,338	2.3 SE

## Within Three to Five Miles Radius

13.	Pa. Co. for Bkg. & Tr.	69th St.	\$756,137M	\$335,330M	3.5 SE
19.	Pa. Co. for Bkg. & Tr.	Roxborough	756,137	335,330	4.1 NE
11.	Upper Darby Nat. Bk.	69th St.	44,626	18,014	3.5 SE
12.	Upper Darby Nat. Bk.	69th St. Term.	44,626	18,014	3.5 SE
9.	Upper Darby Nat. Bk.	Broomall	44,626	18,014	4.3 SW
10.	Upper Darby Nat. Bk.	Drexel Hill	44,626	18,014	4.2 S
14.	Nat. Bk. of Lansdowne	Lansdowne (b)	7,526	1,863	5.0 S
(Merging with Fid.-Phila. Tr. Co.)					
15.	Nat. Bk. of Lansdowne	Lansdowne	7,526	1,863	4.2 S
16.	Central-Penn Nat. Bk.	Phila.	218,924	117,915	3.4 SE
17.	Girard Tr. Corn Ex. Bk.	Phila.	587,982	250,658	4.1 SE
18.	Tradesmens Bk. & Tr. Co.	Phila.	208,410	107,805	4.8 SE
20.	Phila. Nat. Bk.	Copshoicken	874,950	316,148	4.5 N

(a) All loan and deposit figures shown are total figures for the banks indicated, since data for individual branches of other banks is not available. The source of the loan and deposit data is the "American Bank Directory—Spring 1955."

(b) Office not in operation, but has been authorized and is in process of construction.

(c) Represents bank office identification numbers used on map on page 4.

[fol. 5985] The reasons for Ardmore's leading trade position would appear to be the following:

1. Its central location in an attractive, well-populated residential area with high income levels.
2. Good highway access, with the important arteries of Lancaster and Montgomery Avenues being significantly close in the Ardmore sector.
3. The presence of Suburban Square, a first-class shopping development with adequate parking and a fine variety of quality stores.

As a result of these factors, we expect Ardmore to continue as one of the area's leading trade centers. Moreover, Ardmore's position can be expected to improve with the development by Snellenburgs of the former Autocar property. In announcing their intention to develop this site, Alfred Blasband, Executive Head of Snellenburgs, described Ardmore as follows:

"Ardmore is a tremendously important focal point for traffic and transportation. It is one of the oldest established shopping centers in the entire Philadelphia suburban area, serving not only a score of contiguous communities, but also many outlying sections of Montgomery and Delaware counties. Immediately bordering this Ardmore Shopping Center is a population of 450,000 persons. This is a market equivalent in size to Providence, R. I. and Albany, N. Y., combined." (Source: Philadelphia Inquirer, 12-3-54).

Specific figures for retail trade in Ardmore are not available. Data is published, however, for Lower Merion Township as a whole, which we believe is indicative of performance in Ardmore. The table below shows population, income, and retail sales trends in Lower Merion Township compared to those in Montgomery, Delaware, and Philadelphia Counties. From this we note that increases have been sharper in all categories in the suburban counties and that retail sales in Lower Merion have kept pace with the overall growth in Montgomery County, while population growth was somewhat better and increase in buying income somewhat less.

Population, Income, and Retail Sales  
Lower Marion Township

Year	Estimated Population <sup>a</sup> Year-end	Estimated Effective Buying Income	Estimated Retail Sales
1954	54,000	\$143,481,000	\$63,910,000
1953	52,900	135,794,000	62,798,000
1952	51,400	123,024,000	58,157,000
1951	50,200	118,597,000	55,536,000
1950	49,000	104,272,000	52,403,000

[fol. 5985a] (9) Major types of demands for loans the branch expects to serve should be listed.

We expect loan demands to be chiefly in the following categories:

(a) Time Credit Loans

(b) Mortgage Loans

[fol. 5986] (c) Loans secured by Marketable Securities and Cash Surrender Value of Life Insurance

(d) Commercial Loans to retailers and professional men in the area.

(10) Information to support the opinion that there is public need for the proposed branch in the area.

We believe there is a real demand on the part of the public for bank facilities in shopping and trade centers. This has been the traditional location for bank offices, and as the public becomes more insistent upon easily reached shopping centers with adequate parking, it naturally expects and wants to be able to transact its banking business in these same convenient facilities. The Bank of America makes a survey yearly to determine, among other things, why people do business with one bank or another. They find that 52% of all people do business with a particular bank because of convenience.\* We think it fair to say, therefore, that the public feels that it needs convenient banking facilities.

In this regard, the banking public in the Ardmore area would benefit greatly by a bank office in Suburban Square.

(a) "Causes of Changing Deposit Trends", by Walter J. Braunschweiger, Executive Vice President of Bank of America N.T. & S.A., *The Analysts Journal*, Volume II, Number 3, June 1955 (page 156).

First and foremost, they would find it much easier to find parking space there than in the vicinity of the existing bank office in Ardmore where parking facilities are quite inadequate. Secondly, they would find it convenient to transact banking business in the same general location as they like to use for their shopping needs.

Banking facilities have, of course, been authorized to serve many of the newer shopping center developments, and the willingness of Suburban Square to number a bank among its tenants is an indication that they feel that a bank would complement their operation. A few examples of new bank facilities serving recently developed centers are:

Bank	Shopping Center
Fidelity-Philadelphia Trust Company	City Line Center, Phila.
Second National Bank	Boulevard Center, Phila.
National Bank of Narberth	Castor-Cottman Center, Phila.
Bank of Old York Road	Wynnewood Center
Montgomery-Norristown Bank and Trust Company	Willow Grove Center
	Logan Square Center, Norristown

[fol. 5987] Looking to the future, we have indicated that much growth is expected for that portion of the service area lying north of Montgomery Avenue. This means that the new branch, which would be slightly nearer to and on the same side of the railroad as this growing sector, might be able to obtain a goodly number of the new accounts coming into the area.

This is a healthy condition and not at all the situation which would prevail if a new bank office were established in a fully developed area whose banking assets would then have to be drastically re-aligned if the new bank were to be successful.

We wish to stress also that we will be competing in Ardmore with the Pennsylvania Company for Banking and Trusts, the largest State bank in the City of Philadelphia, and historically one of our chief competitors. In regard to the other banks in Lower Merion Township they are further removed from the immediate area and therefore should feel our presence to a much lesser extent. They are of sufficient size and stature as to be able to compete quite ably for the business in their service areas.



(12) Tabulate under headings "Deposits" and "Loans" the amounts now held in the head office or other branches originating in the area to be serviced by the branch, the estimated amounts the proposed branch is expected to have (1) at the end of one year's operation, and (2) at the end of three years' operation.

Please see answer to question 13.

(13) To what extent will the proposed branch enable the bank to serve more efficiently and thereby protect existing business?

It would be extremely difficult to extract from our files and records the deposits and loans now held which originate in the service area of the proposed branch. We do know that we have a number of customers with headquarters in Philadelphia or other cities who have established branches in Ardmore and vicinity. Some of the more important of these are:

Customer	Average Deposit Balance	Loans 8/18/55
Commonwealth Title Co.	*Individual amounts omitted	
Horn & Hardart	*Individual amounts omitted	
Ford Motor Co.	*Individual amounts omitted	
Pep Boys	*Individual amounts omitted	
Public Finance Service	*Individual amounts omitted	
Phila. Electric Co.	*Individual amounts omitted	
Chas. S. Rorkey & Co.	*Individual amounts omitted	
Strawbridge & Clothier	*Individual amounts omitted	
Wahnamakers	*Individual amounts omitted	
Total	\$24,150,200	\$3,714,000

\*The parties stipulate that on pp. 21 and 22 of Government Exhibit 85, the deposit and loan dollar figures for the individual companies shall be omitted. The companies' names and the aggregate total for deposits and loans shall be printed.

[fol. 5988]. Customers in this category would no doubt make use of the proposed branch as a convenience facility, with the main account continuing to be maintained at the head office.

We also know that we have other customers who maintain their headquarters in Ardmore's vicinity and some of the more important of these are:

Customer	Average Deposit Balance	Loans 8/18/55
Allan C. Hale, Jr.	*Individual amounts omitted	
Theo. Presser	*Individual amounts omitted	
Phila. Suburban Water Co.	*Individual amounts omitted	
Scott Smith Cadillac Co.	*Individual amounts omitted	
Howard Tilghman Lumber Co.	*Individual amounts omitted	
Total	\$1,808,500	\$100,000

A third classification, which might be described as indirect customers, are those executives of our numerous commercial accounts who live in Lower Merion and Haverford Townships. This Bank now offers a full line of banking services in response to the various underlying changes which are taking place in the markets for bank services. An office in Ardmore would better enable us to take care of all the personal banking and trust needs of these many individuals who have done business with us for so many years as their companies' commercial bank of account.

Including in our calculations present business whose accounts might be transferred to the new office, we estimate that the proposed branch will have deposits and loans approximately as follows:

	Deposits	Loans
After 1 Year of Operations	\$2,000,000	\$1,000,000
After 3 Years of Operations	\$4,000,000	\$3,500,000
	to	to
	\$6,000,000	\$4,500,000

(14) A physical description of the quarters to be occupied by the proposed branch and any contemplated drive-in and parking arrangements should be available.

Tentative plans call for the creation of a modern bank building on the ground marked "1" in the answer to question 1. Dimensions would be approximately 80' x 25' with a basement of like size. One of Suburban Square's large parking lots would lie directly behind the branch location at St. James Place and Montgomery Avenue which is being given primary consideration. The possibility of a drive-in window will be explored at a later date. For additional details, please see the preliminary drawings on pages 23 and 24.

Information for Examiner in Connection With Proposed Branch of the Philadelphia National Bank at 69th Street, Delaware County, Pennsylvania.

(1) The exact address of proposed branch—number and street, city or town, and county. If a definite location has not been settled, the approximate location within a reasonable area should be given.

The proposed branch will be located in the "69th Street Shopping Center", which covers an area lying just beyond the border of West Philadelphia in the general vicinity of 69th and Market Streets, Upper Darby Township, Delaware County, Pennsylvania. This center is the largest of the various suburban Philadelphia regional shopping centers. Several sites are being considered, and the Comptroller's Office will be notified when a definite selection has been made.

(2) Population of head office city at last census and present estimate.

Population figures for the City of Philadelphia, in which the Main Office is located, are as follows:

1950 Census	2,071,605
1957 Estimate by Chamber of Commerce of Greater Philadelphia	2,200,000

(3) Population of city or town in which the proposed branch is to be located. At last census and present estimate.

The population figures for Upper Darby Township are as follows:

1950 Census	84,951
Estimate as of April 1, 1957 by Delaware County Planning Commission	92,060

(4) Estimated population of immediate area which the branch will serve, with indicated radius in miles.

The immediate area which the proposed branch would serve is outlined on the map on page , with the bound-

aries described verbally in question number 8 below. The estimated 1950 population of this area based upon 1950 Census Tract data was 148,592 and the estimated 1957 population based upon data prepared by the Delaware County Planning Commission was 175,742. For details of this breakdown see page 10. The radius of the area varies from 1 mile to 5.7 miles due to geographical factors, transportation facilities and highway accesses.

[fol. 5990] (5) Distance and geographical direction from proposed branch to the head office.

The Main Office at Broad and Chestnut Streets, Philadelphia, is located approximately 5.3 miles from the proposed branch locality in an easterly direction.

(6) A list of the names and addresses of applicant's existing branches located in the city or town where proposed branch is to be situated or within three miles thereof, showing deposit and loan totals for each and the distance and direction of each from the proposed branch location.

We have no existing branch offices in Upper Darby Township or within a three mile radius of 69th and Market Streets.

(7) A list of the names and addresses of competitor banks and their branches within a five mile radius (two or three mile radius in large cities), showing deposit and loan totals for each (if available) and the distance and direction of each from the location of the proposed branch. Any geographical barriers should be noted.

Offices of competitor banks in the service area of the proposed branch are as listed below. The boundaries of this area extend from 1 mile to 5.7 miles from the proposed branch location.

Key (c)	Banks	Town	Deposits (a)	Loans (a)	Miles & Direction from Proposed Branch
1.	First Pa. Co.	Upper Darby	\$946,188M	\$573,155M	
2.	Upper Darby Nat. Bk.	Upper Darby (b)	46,294	25,614	
3.	(Merging with Girard Tr. Corn	Drexel Hill			2 9 SW
4.	Ex. Bk.)	Manpa			3 8 NW
5.		Marple			5 5 W
6.		Pilgrim Gardens			3 7 SW
7.		Yeadon			2 3 SE
8.		Penn Oak			4 1 SW
9.					3 6 SW
10.	Fid.-Phila. Tr. Co.	Clifton Heights	351,017	203,193	4 1 SW
11.		(2 Branches)			
12.		Lansdowne			2 4 S
13.	Prov., Tradesmens Bk. & Tr. Co.	(2 Branches)			1 6 S
		Springfield	415,219	248,260	5 0 SW

(a) All loan and deposit figures shown are total figures for the banks indicated, since data for individual branches of other banks is not available. The source of the loan and deposit data is the Polk's Bank Directory—September 1957.

[fol. 5991]

### Trade Center

The nature and importance of the 69th Street and Upper Darby trade area cannot be overemphasized. This area is the most important retail center in the three-county area of Bucks, Delaware and Montgomery Counties. It ranks second in the Greater Philadelphia Area only to the center city shopping area.

[fol. 5992] (9) Major types of demands for loans the branch expects to serve should be listed.

Loan demand is expected to be in the following categories:

- (a) Time Credit Loans
- (b) Commercial Loans to the many businesses and professional men in the area.
- (c) Loans secured by Marketable Securities and Cash Surrender value of Life Insurance.
- (d) Mortgage Loans



[fol. 5993]

## Retail Sales Per Bank Office

Area	Retail Sales 1956 (a)	Number of Bank Offices	Retail Sales per Bank Office
Upper Darby Township			
At Present		5 (b)	\$25,427,000
After PNB Office}	\$127,137,000	6	21,190,000
Chester (Del. County)	115,713,000	5	23,143,000
Norristown (Mont. County)	75,122,000	5	15,024,000
Pottstown (Mont. County)	47,909,000	4	11,977,600
Levittown-Fairless Hills (Bucks County)	61,354,000	5	12,271,000
Delaware County			
At Present		39 (b)	12,832,000
After PNB Office}	500,456,000	40	12,511,000
Montgomery County	526,568,000	53	9,935,000
Bucks County	253,271,000	30	8,442,000

(a) Source: *Sales Management*.

(b) Upper Darby National Bank has a drive-in facility approximately 100 yards away from the main office and a small installation in the transportation terminal across the street which is open at certain limited hours during the day. All these units were considered as one office due to their proximity and specialized nature.

We consider the data above for the cities of Chester, Norristown, Pottstown, and Levittown-Fairless Hills particularly noteworthy for they constitute, with Upper Darby Township, five of the six top retail trade centers in suburban Philadelphia (the sixth is Ardmore, for which separate data is not available). It would seem particularly significant that Chester, Norristown, Pottstown, and Levittown-Fairless Hills, having a lower volume of retail sales than Upper Darby Township, are nevertheless *all* served by three banks, whereas at the present time the 69th Street Shopping Center is served only by a branch of The First Pennsylvania Banking and Trust Company and by the Upper Darby National Bank, soon to become part of the Girard Trust Corn Exchange Bank through merger.

## Absence of Benefits from National Banking Institution

Following completion of the Upper Darby National-Girard Trust Corn Exchange merger, the 69th Street Shopping Center will be served only by State banks. The proposed branch will thus result in a restoration of the benefits of national bank services and resources insofar as the needs of the banking public in the 69th Street-Upper Darby Township area are concerned.

## [fol. 5994] Present Customers in Area

The above data in support of the public need for proposed branch has been presented without reference to the significant number of present customers of this Bank who would benefit directly from the branch. As noted in question 12 above, 2,300 accounts, with deposits of \$4,400,000 originate in the general area to be serviced by the proposed branch. For these customers, the public need for the branch is clearly evident.

In view of the business which the Bank now enjoys in the area of the proposed branch, it is the position of this Bank that it is necessary for it to establish the proposed branch in order to compete fairly. This is particularly true in view of the proposed merger between Upper Darby National Bank and Girard Trust Corn Exchange Bank. Following this merger, the 69th Street Shopping Center will be serviced solely by our two principal Philadelphia competitor (i.e., The First Pennsylvania Banking and Trust Company in addition to the Girard Trust Corn Exchange Bank).

There is still another segment of the banking public that would benefit directly from the proposed branch, and these are the executives and other personnel of the many business firms which this bank has so ably served over the years. A goodly number of these executives live in the desirable residential areas of Delaware County that lie within the service area of the proposed branch, and it can be quite reasonably predicted that many of them would prefer to do their personal, as well as company banking, with The Philadelphia National Bank.

They require of us, however, in so doing, a conveniently located branch office.

[fol. 5995] (11) What competitive effect is the proposed branch expected to create?

The proposed branch would offer strong competition to the two banks in the immediate service area. This competition would be against branches of large Philadelphia commercial State banks (First Pennsylvania Company and Girard Trust Corn Exchange (a) with total assets of \$1,099,209,672 and \$645,890,936 respectively.) This competi-

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(a) Assuming completion of the proposed merger.

tive situation would be to the benefit of the public served. We believe that the area has sufficient population and retail sales to warrant the establishment of additional banking facilities.

[fol. 5996] (12) Tabulate under headings "Deposits" and "Loans" the amounts now held in the head office or other branches originating in the area to be serviced by the branch, the estimated amounts the proposed branch is expected to have (1) at the end of one year's operation, and (2) at the end of three years' operation.

### Present Business in Area

A detailed analysis has been made of loan and deposit accounts of the bank which originate in the general area to be serviced by the proposed branch. The results of this survey follow, and they indicate that the new branch would from the outset be in a position to serve a significant volume of business:

#### Business Originating in General Service Area of Proposed Branch

	Number	Amount
Deposits.....	2,300	\$4,400,000
Loans.....	74	2,700,000

It should be stressed that the above figures do not give effect to the fact that the 69th Street Shopping Center is the location of major branch installations of two important center-city department stores, both of which maintain substantial accounts with the bank, as follows:

	Average Balance
*Names omitted	\$1,402,800
	795,000

\*The parties stipulate that on p. 14 of Government Exhibit 88, the two names of department stores shall be omitted. The dollar figures shown opposite the names shall be printed.

The proposed branch will materially aid us in serving these important depositors more efficiently.

[fol. 5997] (13) To what extent will the proposed branch enable the bank to serve more efficiently and thereby protect existing business?

There can be no question that the proposed branch will enable us to serve more efficiently the quite large volume of accounts and loans of the Bank which originate in the

general service area of the proposed branch (see question 12, above), for it is a widely recognized and accepted trend that bank customers are demanding conveniently located facilities. In Philadelphia, as in other old-established population centers, the increasing congestion in center-city, coupled with rapidly growing population and commercial activity in the suburbs, makes it particularly important for Banks to extend their branch networks into areas removed from Center-City if they are to properly serve existing customers.

Without convenient locations, moreover, it becomes increasingly difficult to protect and retain existing business, and this is a particularly important factor at the present time in the 69th Street area insofar as the Bank is concerned for two reasons. First, the shopping center there appears to be in the initial stages of a period of even increased importance in its area, thus reducing the tendency and willingness of the population to journey into center-city. The increased future importance of the 69th Street Shopping Center is the result of the location in the center in the past several years of four outstanding retail units, namely Lit Brothers; J. C. Penney & Company; Stern & Company; and, during the past year, Gimbel Brothers, Inc.

The second factor which the Bank must consider in viewing its relative position in the 69th Street area, is the recently announced proposed merger of the Upper Darby National Bank into the Girard Trust Corn Exchange Bank. This merger will undoubtedly reduce our competitive ability in the area in that it will add a second bank in the area capable of offering its depositors the convenience of both downtown offices and local offices.

[fol. 5998]

#### GOVERNMENT'S EXHIBIT 89

Information for Examiner in Connection With Proposed Branch of the Philadelphia National Bank Roosevelt Boulevard Office.

- (1) The exact address of proposed branch—number and street, city or town, and county. If a definite location

has not been selected, the approximate location within a reasonable area should be given.

8200 East Roosevelt Boulevard  
Philadelphia, Pennsylvania

(2) Population of Head Office city at last census. Present estimate.

Population figures for the City of Philadelphia, in which the Main Office is located, are as follows:

1950 Census	2,071,605
1957 Estimate by Chamber of Commerce of Greater Philadelphia	2,200,000

(3) Population of the city or town in which the proposed branch is to be located. At last census. Present estimate.

The answer to question 3 is the same as question 2.

(4) Estimated population of immediate area which the branch will serve, with indicated radius of miles.

The population of the immediate area which the branch will serve.\*

1950	1955	1957
48,098	69,928	91,859

\* See Map on page 10 for boundaries of service area. Population figures based on census tracts in service area. See Exhibit A.

(5) Distance and geographical direction from proposed branch to the Head Office.

Our Head Office at the corner of Broad and Chestnut Streets, Philadelphia, is located approximately  $9\frac{3}{4}$  miles away from the proposed branch in a north-easterly direction.

(6) A list of the names and addresses of applicant's existing branches located in the city or town where proposed branch is to be situated or within three miles thereof, showing deposit and loan totals for each and the distance and direction of each from the proposed branch location.

[fol. 5999] There are at present ten (10) branches including the Main Office located in the City of Philadelphia. None of our branches are located within three miles of the proposed branch. The location of the Philadelphia Offices are:



Address	Deposits	Loans	Distance	Direction
Broad & Chestnut Sts.	738,661	366,223	9 $\frac{1}{4}$	SW
421 Chestnut Street	"	"	9 $\frac{1}{2}$	SW
3 Penn Center Plaza	97,560	25,996	9 $\frac{1}{4}$	SW
9th & Chestnut Sts.	"	"	0 $\frac{1}{2}$	SW
3131 Market Street	"	"	10 $\frac{1}{8}$	SW
Front & Norris Sts.	"	"	7 $\frac{1}{4}$	SW
Allegheny & Kensington	"	"	5 $\frac{1}{2}$	SW
Erie & Castor Sts.	"	"	4 $\frac{1}{2}$	SW
Front St. & Allegheny	"	"	6	SW
7th & Dauphin Sts.	"	"	7 $\frac{1}{4}$	SW
Total	836,230	392,219		

Note: Separate deposit and loan figures are not available for each individual branch.

(7) A list of the names and addresses of competitor banks and their branches within a five mile radius (two or three mile radius in large cities) showing deposit and loan totals for each and the distance and direction of each from the location of the proposed branch. Any geographical barriers should be noted.

Key (c)	Bank	Location	Deposits(a)	Loans(a)	Mile & Direction
1	Broad Street Tr.	Willits & Exeter	122,987	87,055	1.2 N
2	Second Nation	2200 Cottman Ave.	32,070	15,242	1.3 SW
3	Fidelity-Phila.(b)	Roosevelt & Welsh	383,514	204,359	1.4 NE
4	1st Penco	8001 Frankford	1,067,968	524,686	1.5 SE
5	1st Penco	7157 Frankford	1,067,968	524,686	1.6 SE
6	Frankford Trust	9375 Bustleton	44,099	19,077	1.6 N
7	Girard Corn	4010 Cottman Ave.	686,146	364,383	1.6 SE
8	Broad Street Tr.	6824 Bustleton	122,987	87,055	2.1 SW
9	Girard Corn	Rising Sun & Cottman	686,146	364,383	2.1 W
10	Frankford Trust	Castor & Hellertman	44,099	19,077	2.1 SE
11	1st Penco	6836 Torresdale	1,067,968	524,686	2.8 SE
12	Girard Corn	Torres & Howell	686,146	364,383	2.9 SW
13	Liberty Real Est.	5119 Frankford	84,564	48,954	3.0 SW
14	Beneficial Svgs. Fd.	6244 Bustleton	188,541	98,649	2.2 SW
15	Germantown Svgs. Fd.	2604 Cottman Ave.	129,174	63,637	1.2 SW
16	Western Svgs. Fund	7315 Castor Ave.	343,570	158,976	1.5 SW
17	Phila. Svgs. Fund	Frankford & Torres	950,890	464,675	1.6 SE
18	Western Svgs. Fd.	3142 Willits Rd.	343,570	158,976	1.2 E
19	Western Svgs. Fd.	6625 Castor Ave.	343,570	158,976	2.0 SE
20	Phila. Svgs. Fund	Cottman & Rutland	950,890	464,675	1.5 SW
21	Western Sav. Fund	11730 Bustleton	343,570	158,976	3.1 NE

(a) All loan and deposit figures shown are total figures for the banks indicated, since data for individual branches of other banks is not available. The source of the loan & deposit data is "Folk's Bank Directory"—June 1958.

(b) Office not in operation but has been authorized.

(c) Represents bank office identification numbers used on map on page 10.

[fol. 6000] (9) Major types of demands for loans the branch expects to serve should be listed.

Loan demand is expected to be in the following categories:

- (a) Time Credit loans.
- (b) Commercial loans to the many businesses in the area.
- (c) Loans secured by Marketable Securities and Cash Surrender Value of Life Insurance.
- (d) Mortgage loans.

[fol. 6001] (11) What competitive effect is the proposed branch expected to create?

The proposed branch would offer strong competition to the four (4) banks in the immediate service area.

We believe that the area to be serviced is sufficiently large enough to support a bank office in addition to the banking facilities now located there. Much growth has taken place within the boundaries of the service area, and it is anticipated that rapid growth is expected in this Northeast area within the next few years. In order to seek and locate new business, it is necessary for the bank to move into growing areas. Approval of a branch in this location, would allow us to compete more effectively with other large Philadelphia Banks which have branches in the area.

(12) Tabulate under headings Deposits and Loans the amounts now held in the head office or other branches originating in the area to be serviced by the branch, the estimated amounts the proposed branch is expected to have (1) at the end of the one year's operation, and (2) at the end of three years' operation.

Business Originating in General Service Area of Proposed Branch

	No.	Amount
Deposits.....	1,157	5,486,000
Loans.....	45	918,000

Projected Branch Loans and Deposits

	Deposits	Loans
After 1 year of operation.....	6,500,000	1,500,000
After 3 years of operation.....	8,000,000	3,000,000

(13) To what extent will the proposed branch enable the bank to serve more efficiently and thereby protect existing business?

There is no question that the proposed branch will enable us to service more efficiently the large volume of deposit accounts and loans of the bank which have their inception in the general service area of the proposed branch. In order to maintain this business, it is necessary to provide the bank's customers with conveniently located facilities.

It is a well established belief that without convenient [fol. 6002] locations, it becomes increasingly difficult to protect and retain existing business. This is a particularly important factor at the present time in the northeast area for two reasons. First, many of our retail customers are relocating from the older and established neighborhoods of central city, to the unconfined areas of the Far Northeast. Likewise, much of the commercial activity is shifting to the outer regions of the city and much of the new development within city limits is taking place in the service area of the proposed branch.

The second factor that the bank must consider in viewing its relative position in the Far Northeast, is the establishment of branches in the general area by other major Philadelphia banks. These branches reduce our competitive ability in the area due to the fact they are able to offer their depositors the convenience of both downtown offices and local offices.

[fol. 6003] GOVERNMENT'S EXHIBIT 91

Information for Examiner in Connection With Proposed Branch of the Philadelphia National Bank in Park Ridge Shopping Center at Junction of Route 422 and Route 363, Lower Providence Township, Montgomery Co., Pa.

1) The exact address of proposed branch—number and street, city or town, and county. If a definite location has not been settled, the approximate location within a reasonable area should be given.

The proposed branch will be located in the Park Ridge Shopping Center, Routes #422 and #363, Lower Providence Township, Montgomery County, Pennsylvania. See Exhibit A for exact location.

2) Population of head office city at last census. Present estimate.

Population figures for the City of Philadelphia, in which the Main Office is located, are as follows:

1950 Census	2,071,605
Estimate	2,200,000 by City of Philadelphia Planning Commission

3) Population of the city or town in which the proposed branch is to be located. At last census. Present estimate.

The population figures for the Township are as follows:

1950 Census.	5,837
1958 estimate by Montgomery County Planning Commission	9,125

4) Estimated population of immediate area which the branch will serve.

An estimated population of at least 13,014 would be served within a radius varying from one mile to five miles because of highway patterns. This area is outlined on the map pertaining to question number 18.

[fol. 6004] 5) Distance and geographical direction from proposed branch to the head office.

Our Head Office at the corner of Broad and Chestnut Streets in Philadelphia, is located approximately 18 miles distant from the proposed branch in a south-easterly direction.

6) A list of the names and addresses of applicant's existing branches located in the city or town where proposed branch is to be situated or within three miles thereof; showing deposit and loan totals for each and the distance and direction of each from the proposed branch location.

We have no existing branch offices in Lower Providence Township or within a three mile radius of the proposed site.

7) Competitor Banks and Branches within Five Mile Radius

Key	Banks	Town	Deposits (a)	Loans (a)	Miles & Direction from Prop.
1.	Proposed office	Trooper			
2.	Peoples Natl. Bank	Jeffersonville	\$ 19,571M	\$ 11,649M	1.55 E
3.	Collegeville Nat. Bk.	Collegeville	4,862	3,064	4.5 NW
4.	Montgomery Co. Bk. & Tr.	Norristown	84,952	40,355	3.35 E
5.	Montgomery Co. Bk. & Tr.	Norristown	84,952	40,355	4.0 SE
6.	Peoples Natl. Bank	Norristown	19,571	11,649	4.0 SE
7.	Montgomery Co. Bk. & Tr.	Norristown	84,952	40,355	4.5 SE
8.	Montgomery Co. Bk. & Tr.	Norristown	84,952	40,355	6.0 E
9.	Phila. Svc. Fund Soc. (proposed)	Norristown	1,017,000	493,335	6.0 E
10.	Peoples Natl. Bank	Rt. 202—& Gtn. Pike	10,571	11,649	5.3 E
11.	Bridgeport Natl. Bank	Bridgeport	8,195	3,889	4.5 SE
12.	Western Svc. Fund (proposed)	Valley Forge Shopping Cent.	371,288	175,075	7.3 S
13.	Montgomery Co. Bk. & Tr. (proposed)	Valley Forge Shopping Cent.	84,952	40,355	7.3 S
14.	Peoples Natl. Bank	King of Prussia	19,571	11,649	6.3 S
15.	Prov. Trades Bk & Tr. (proposed)	King of Prussia	442,900	245,740	6.0 S
16.	Phila. Natl. Bank (proposed)	King of Prussia	—	—	6.0 S
17.	Phila. Natl. Bank	Norristown	931,270	456,568	4.0 SE

(a) Deposit and loan figures are for the banks as a whole since no branch breakdown is available.  
Source American Bank Directory, Fall Edition 1959.

There are several important geographical barriers to be noted within this Five Mile Radius; to the West are the Skippack and Perkiomen Creeks which are crossed at only a few locations; to the South the Schuylkill River can only [fol. 6005] be crossed at two places and the crossing at Betswood is a definite hindrance to traffic; to the East the extensive acreage of the State Hospital for the Insane and the City of Norristown with the traffic congestion becomes barriers to the banking public.

Therefore, we believe that most of the banks or branches in this Five Mile Radius are not in the service area.

[fol. 6006] (8) • • •

The Park Ridge Shopping Center located at the junction of Routes 363 and 422 is ideally situated to service the trade area of the proposed branch. The tenants occupying the Center are of good quality and the drawing power of the Center is indicated by the following tenants:



A & P Supermarket  
 W. T. Grant Company  
 Pennsylvania Liquor Store  
 Endicott-Johnson Shoe  
 Store  
 Sinclair Oil Company  
 Men's Apparel  
 Ladies' Apparel  
 Children's Apparel

Bakery  
 Chain Dry Cleaner  
 Laundry  
 Luncheonette  
 Gift Shop  
 Beauty Salon  
 Barber Shop  
 Drug Store  
 Proposed Branch

9) Major types of demands for loans the branch expects to serve should be listed.

- 1) Time Credit Loans
- 2) Commercial loans to businesses and industry in the area.
- 3) Loans secured by Marketable Securities and Cash Surrender Value of Life Insurance.
- 4) Mortgage Loans

10) Information to support the opinion that there is public need for the proposed branch in the area.

The market for bank services in the area delineated can be fairly measured by the population. Almost all of Lower Providence Township, parts of Worcester, West Norriton, East Norriton, and Skippack Townships because of highway accesses and the drawing power of the shopping center can be included in the service area.

Population Breakdown		Actual	Service Area
Lower Providence Township	.....	9,125	8,125
Worcester Township	.....	2,660	1,774
West Norriton Township	.....	7,845	2,615
East Norriton Township	.....	7,342	250
Skippack Township	.....	4,340	250
		<u>31,312</u>	<u>13,014</u>

[fol. 6007] The ~~Park~~ Ridge Shopping Center is well planned and has considerable drawing power which will be a great asset to the proposed branch. This location will offer a one stop shopping and banking service which

is not available elsewhere in the area. The township and trade area will find this feature a definite asset in its growth.

The industrial locations will now have local banking services for company and employees at a very short driving distance. The companies that bank with us in Norristown will now have a branch locally to transact more complete banking services.

No other location in the area offers such complete and easy access to shopping and banking facilities.

The growth factor of population in the area is a significant indicator of additional banking facilities. The rate of growth at 55% over 1950 and the estimate of 25,000 potential of Montgomery County Planning Commission are evidence of the potential density of the area.

The Valley Forge Industrial Park is now in operation with three companies already located and negotiations are being carried on with other companies. The proposed office will be the nearest and most accessible banking facility to the industrial park.

11) What competitive effect is the proposed branch expected to create?

The new branch will, of course, tend to increase competition. We look upon this as an entirely proper result, so long as the area is not over banked and can support the proposed office. This proposed office will bring to a growing township banking facilities of its own which would increase the community aspect of the shopping center and enable the center to become the focal point of retail business. The recent survey of where people traded indicated the need for local shopping and banking facilities.

We believe it to be vital to move to the suburban areas of Norristown to improve our competitive position in Montgomery County. It is necessary for the bank to move into growing areas in order to seek and locate new business and also, to retain our present customers in view of other banks expanding in the area.

This competitive situation would be to the benefit of the public served. We believe that the area has sufficient population, industry and retail units to warrant the establishment of banking facilities.

[fol. 6008] 12) Tabulate under headings "Deposits" and "Loans" the amounts now held in the head office of other branches originating in the area to be serviced by the branch, the estimated amounts the proposed branch is expected to have (1) at the end of one year's operation, and (2) at the end of three years' operation.

### Present Business in Area

A detailed analysis has been made of loan and deposits accounts of the Bank which originate in the general area to be serviced by the proposed branch. The results of this survey follow, and they indicate that the new branch would from the outset be in a position to serve existing customers:

#### Business Originating in General Service Area of Proposed Branch

	Number	Amount
Deposits.....	799	\$1,703,255
Loans.....	59	\$ 549,625

A sample survey of our Time Credit Department customers in our Norristown Office indicates that approximately 17% of our customers reside in areas that would be more accessible to the proposed office than to our downtown Norristown location.

#### Projected Branch Loans and Deposits:

	Deposits	Loans
After One Year.....	\$2,000,000 to \$2,200,000	\$ 600,000 to 800,000
After Three Years.....	\$2,700,000 to \$3,000,000	\$1,000,000 to 1,300,000

[fol. 6009] (13) To what extent will the proposed branch enable the bank to serve more efficiently and thereby protect existing business?

The proposed branch will enable us to serve more efficiently the accounts and loans of the bank which originate in the service area, for it is a widely recognized and accepted trend that bank customers are demanding conveniently located facilities. Our present customers must travel considerable distances over congested roads to bank in our Norristown office. These customers will tolerate inconvenience, traffic congestion only so long before they will seek another bank not so difficult to reach. The increasing con-

gestion in Norristown coupled with rapidly growing population and commercial activity in its suburbs, makes it particularly important for us to extend our coverage into areas removed from this congestion if we are to properly serve existing customers. Without convenient locations it becomes increasingly difficult to protect and retain existing business.

[fol. 6010]      GOVERNMENT'S EXHIBIT 93

Information for Examiner in Connection with Proposed Branch of The Philadelphia National Bank in Ridley Township, Delaware County, Penna.

(1) The exact address of proposed branch—number and street, city or town, and county. If a definite location has not been settled, the approximate location within a reasonable area should be given.

The proposed branch will be located in the vicinity of MacDade Boulevard and Kedron Avenue, Ridley Township, Delaware County, Pennsylvania. Several sites are being considered, and the Comptroller's Office will be notified when a definite selection has been made.

(2) Population of head office city at last census—present estimate—

Population figures for the City of Philadelphia, in which the Main Office is located, are as follows:

1950 Census	2,071,605
1958 Estimate of City of Philadelphia Planning Commission	2,200,000

(3) Population of the City or town in which the proposed branch is to be located.

The population figures for Ridley Township are as follows:

1950 Census	17,212
Estimate April 1, 1957 by Delaware County Planning Commission	31,490

(4) Estimated population of immediate area which the branch will serve, with indicated radius in miles.

The area which the proposed branch would serve is outlined in Exhibit A, with the boundaries described verbally in question number 8 below. The estimated 1950 population of this area based upon 1950 Census Data was 56,996, and the estimated 1957 population based upon data prepared by the Delaware County Planning Commission was 81,690. For details of this breakdown see question number 8 below.

This office would be considered a regional office serving many of the communities between 69th Street and Chester. [fol. 6011] The radius of the area varies from 1.5 miles to 2.5 miles due to geographical factors, transportation facilities and highway accesses.

(5) Distance and geographical direction from proposed branch to the head office.

The Main Office at Broad and Chestnut Streets, Philadelphia, is located approximately 9 miles from the proposed branch locality in an easterly direction.

(6) A list of the names and addresses of applicant's existing branches located in the city or town where proposed branch is to be situated or within three miles thereof, showing deposit and loan totals for each and the distance and direction of each from the proposed branch location.

We have no existing branch offices in Ridley Township or within a three mile radius of the proposed location.

(7) A list of the names and addresses of competitor banks and their branches within a five mile radius (two or three mile radius in large cities), showing deposit and loan totals for each (if available) and the distance and direction of each from the location of the proposed branch. Any geographical barriers should be noted.

Offices of competitor banks in the service area of the proposed branch are as listed below:



Key	Bank	Town	Deposits (6-30-58)	(a) Loans(a)	Miles & Distance
1	Broad Street Trust Co.	Morton	\$122,987m	\$87,055m	1 3N
2	Broad Street Trust Co.	Prospect Pk.	122,987m	87,055m	1 5E
3	Broad Street Trust Co.	Prospect Pk.	122,987m	87,055m	1 3 SE
4	Provident Tradesmens	Swarthmore	464,970m	224,217m	2 0 W
5	Fidelity-Phila. Trust	Ridley Park	383,514m	204,359m	2 3 S
6	Delaware County Natl.	Essington	56,641m	22,710m	2 3 SE
7	Delaware County Natl.	Sharon Hill	56,641m	22,719m	2 5 E

(a)—All loans and deposit figures shown are total figures for the banks indicated, since data for individual branches of other banks is not available. The source of the loan and deposit data is the Polk's Bank Directory—September 1958.

[fol. 6012] Major types of demands for loans the branch expects to serve should be listed:

We expect loan demands to be chiefly in the following categories:

- (a) Time Credit Loans
- (b) Mortgage Loans
- (c) Loans secured by Marketable Securities and Cash Surrender Value of Life Insurance
- (d) Commercial Loans to the many business and professional men in the area.

~ [fol. 6013] (10) Information to support the opinion that there is public need for the proposed branch in the area.

A survey made by this Bank in December 1957, indicated that Delaware County as a whole had a population per bank office of 13,331, Bucks County 8,677, and Montgomery County 8,732. The data thus indicates that the service area of the proposed branch is relatively under-banked when compared to other suburban Philadelphia areas.

Along the heavily travelled highway of MacDade Boulevard there are no banking facilities available to the retail stores or residents from Darby to Chester a distance of approximately six miles. The present population density potential growth and retail trade attracted to such population increases indicated a need for additional banking facilities.

[fol. 6014] (11) What competitive effect is the proposed branch expected to create?

The proposed branch would offer strong competition to the banks in the service area. This competition for the most part would be against branches of Philadelphia commercial state banks (Broad Street Trust Company, Fidelity-

Philadelphia Trust, Provident Tradesmens Bank & Trust Company. There is only one branch of a National Bank (Delaware County National) in the area and it is located at the extreme southern boundary.

This competitive situation would be to the benefit of the public served. We believe that the area has sufficient population and retail sales to warrant the establishment of additional banking facilities.

(12) Tabulate under headings "Deposits and Loans" the amounts now held in the head office of other branches originating in the area to be serviced by the branch, the estimated amounts the proposed branch is expected to have (1) at the end of one year's operation, and (2) at the end of three years' operation.

#### Present Business in Area

A detailed analysis has been made of loan and deposit accounts of the bank which originate in the general area to be serviced by the proposed branch. The results of this survey follow, and they indicate that the new branch would from the outset be in a position to serve existing customers:

Business Originating in General Service Area of Proposed Branch		
	No.	Amount
Deposits .....	945	\$1,794,000
Loans .....	139	\$ 627,000

Projected Branch Loans and Deposits		
	Deposits	Loans
After one Year:	\$2,500,000	\$1,500,000
	to	to
	\$3,000,000	\$2,000,000
After Three Years:	\$4,000,000	\$2,500,000
	to	to
	\$4,500,000	\$3,000,000

[fol. 6015] (13) To what extent will the proposed branch enable the bank to serve more efficiently and thereby protect existing business?

The proposed branch will enable us to serve more efficiently the accounts and loans of the Bank which originate in the general service area, for it is a widely recognized and accepted trend that bank customers are demanding conveniently located facilities. The increasing congestion

in center city coupled with rapidly growing population and commercial activity in the suburbs, makes it particularly important for Banks to extend their branch net-works into areas removed from center city if they are to properly serve existing customers. Without convenient locations, moreover, it becomes increasingly difficult to protect and retain existing business.

[fol. 6016]      GOVERNMENT'S EXHIBIT 95

Retail Division

Proposed Ridley Regional Office

Site:

In the vicinity of:

MaeDade Boulevard and Kedron Avenue  
(State Route 420 and U. S. Bypass 13)  
Ridley Township  
Delaware County  
Pennsylvania

There are several locations being offered to us.

Building:

One story, 25' x 80' inside dimension plus room for a utilities room. Public and banking area similar to that of the Ardmore Office with drive-up facilities and limited parking. All desks, counters and teller work areas to be metal construction for economy purposes. This metal equipment can be purchased in units to be added to or rearranged as activity requires. Vault similar to Ardmore with a limited number of safe deposit boxes at the outset.

Service Area:

*Generally:* This office would be considered a regional one to service the area from the boundary of 69th Street Area to the east end of Chester.

*Specifically:* The northern boundary would commence at the junction of Baltimore Pike and Crum Creek running to the east along Baltimore Pike to Providence Road. It

would continue along Providence Road to Oak Avenue turning south along Oak Avenue to Primos Avenue to Cobbs Creek to the junction of Cobbs Creek and the Industrial Highway (State Route 291). The boundary then turns west along the Industrial Highway (encompassing the narrow area between the highway and the Delaware River) to the Ridley River at the western edge of Eddystone. The boundary then turns north along the Ridley River to Crum Creek then continues along Crum Creek to Baltimore Pike to complete the area boundary. See Exhibit A.

### Population and Characteristics of Service Area:

The immediate area of Ridley Township has shown the following population growth:

1940	1950	1957*
8,641	17,212	31,490
	99.1%	83.0%
	Increase	Increase

### [fol. 6017] Boroughs and Township Contained in Service Area

	Population			D&B Listings
	1940	1950	1957*	
Eddystone	2,493	3,014	3,280	42
Folcroft	1,592	1,909	5,120	30
Glenolden	4,825	6,450	7,500	106
Morton	1,316	1,352	1,900	65
Norwood	3,921	5,246	5,920	49
Prospect Park	5,100	5,834	6,730	70
Ridley	8,641	17,212	31,490	Not Shown
Ridley Park	3,887	4,921	6,820	57
Rutledge	796	919	960	9
Swarthmore	4,061	4,825	6,050	75
Tinicum	3,792	5,314	5,920	Not Shown
<b>Totals</b>	<b>40,424</b>	<b>56,996</b>	<b>*81,690</b>	<b>503</b>
% change Prev. Date	—	+41 0	+43 3	—

\* Estimates of Delaware County Planning Commission

There are also portions of Darby, Springfield and Upper Darby in the broad service area which have not been included in the above population figures.

The Delaware County Planning Commission now base their population projections on what they call "planning districts". Planning Districts 3 and 4 contain the general service area of the proposed branch; with some adjustments needed for Yeadon and a portion of Upper Darby, the Com-

mission projects a population figure of 187,500 for 1970 in this area.

### 1950 Census Tract Characteristics

Name—Tract		% Non- White	% Owner Occupied	Medium Value Housing
Eddystone	D43	2	59.0	\$8,752
Folcroft	D34	9	70.0	9,089
Glenolden	D35	1	68.0	9,768
Morton	D77	56.0	70.0	6,227
Norwood	D36	7	59.0	9,609
Prospect Park	D38	18	73.0	9,563
Ridley	D41	40	56.0	9,529
Ridley Park	D39	2	65.0	12,752
Rutledge	D42	0	79.0	12,165
Swarthmore	D76	41	66.0	19,250
Tinicum	D37	1	59.0	7,198

### [fol. 6018]. Competition:

Location	Bank
Swarthmore	Provident-Trustmens
Morton Prospect Park (2)	Broad Street Trust Company
Ridley Park	Fidelity-Philadelphia Trust Co.
Essington	Delaware County National Bank

There are no banks in the immediate area on either side of MacDade Boulevard from Oak Avenue in Glenolden to Chester. The nearest and only National Bank in the area is almost 3 miles south at Essington and would not service the area proposed for this location.

### Population Per Bank Office:

	Before Proposed Branch	1957* After Proposed Branch
Ridley Township	No Office	31,490
Entire Service Area	13,615	11,243

\* Delaware County Planning Commission estimates.

An article by Robert H. Armstrong of Armstrong Associates, bank consultants, contains the following information:

"The per capita population per bank is fairly stable the country over though there are some variations. In New York there is one bank for each 8,400 people. In other states the population per bank is as follows: New Jersey 8,500; Michigan 8,300; Massachusetts 7,100; Ohio 8,100."

A recent survey by Cummins "Bank News" disclosed



that six branch banking states (Arizona, California, Idaho, Nevada, Oregon and Washington), had one branch for each 9,013 persons while six unit bank states (Colorado, Kansas, Missouri, Oklahoma, Texas and Wyoming) had one bank office for each 7,058 persons.

Central National Bank of Cleveland in reporting on methods used in selecting branch locations commented that "The area to be served should have a population of 5,000 to 10,000 to insure profitable operations."

The data for population per bank office demonstrates that the area can be considered relatively under-banked at the present time and that there can be presumed to be a public need for an additional branch and will certainly not become overbanked with the addition of the proposed branch.

The nearest bank is 1 mile distant.

#### [fol. 6019] Administration of Office:

The proposed office would be administered as another Chester Area Office. Complete banking services would be offered by a small flexible work force with casual help for peak periods from the immediate area.

#### Recommendation:

It is recommended that a branch be located in this vicinity.

The center of population in Delaware County is pushing steadily west with those communities located between Darby and Crum Creek experiencing the fastest growth. The largest concentration of population remains adjacent to Philadelphia and in and near the city of Chester. This location would bridge the distance between the two large concentrations of population and be an integral part of the future growth in the area.

The area is serviced by several good highways, such as: MacDade Boulevard, Chester Pike and Industrial Highway running east to west. North to south routes are State Routes 391, 420 and other secondary roads. All these highways afford easy access to the location recommended. Public transportation is also more than ample for Red Arrow Lines, Southern Penna. Bus Co., PTC, and Pa. RR all service the area and add to its attractiveness.

Along the excellent main artery of MacDade Boulevard there are in the near vicinity Acme, Penn Fruit, Food Fair Markets and numerous other retail businesses.

The density of population is extremely high.

This location is almost equi-distant between 69th Street and Chester, and would be an ideal "regional office" to service all the many in-between areas because of its accessibility.

In addition, we would be able to offer accessible banking services to customers of this bank who are located along the Industrial Highway such as Lester Piano Manufacturing Co., Westinghouse, General Steel Castings Corp., and Sun Shipbuilding & Dry Dock Co., to mention several.

The Scott Paper Co. plan a new location in Tinicum and it would be approximately 4 miles from the proposed branch.

This branch recommendation would give us better coverage in Delaware County and with 69th Street we would have good representation throughout the lower eastern section of the County. This much needed coverage would enable us to compete more effectively with Delaware County National Bank, Fidelity-Philadelphia Trust Company, and Girard Trust Corn Exchange Bank.

C.D.R.

11/21/58

[fol. 6020]

GOVERNMENT'S EXHIBIT 96

TREASURY DEPARTMENT

Comptroller of the Currency

Washington 25

April 30, 1959

Mr. Frederic A. Potts, President,  
The Philadelphia National Bank,  
Philadelphia 1, Pennsylvania.

DEAR MR. POTTS,

We have completed a careful study of the information developed in the investigation made in connection with your

application for permission to establish a branch in the vicinity of MacDade Boulevard and Kedron Avenue, Ridley Township, Pennsylvania.

It has been concluded that the banking needs of the area are being adequately served and do not warrant the establishment of an additional branch unit. Your application has therefore been disapproved.

Very truly yours, Hollis S. Haggard, Chief National Bank Examiner.

[fol. 6021]

GOVERNMENT'S EXHIBIT 98

May 18, 1959.

To: Mr. E. Lawrence Worstall, Senior Vice President.  
cc: Mr. Ellis B. Ridgway Jr., Vice President.

From: Mr. George H. Renninger.

Subj.: Proposed Office MacDade Boulevard and Kedron Avenue

DEAR LARRY:

Yesterday, after church, I had occasion to talk to Mr. Hockberg of the National Bank Examiners' staff. Mr. Hockberg said that the department felt that there are already sufficient offices in the vicinity of the location requested, and that there had been some definite opposition by other banks. It was his opinion that the most opposition had been raised by Delaware County National Bank. He did not mention Broad Street Trust Company. He did elaborate on Delaware County National's success in operation of their branch offices, and emphasized the fact that one of the main reasons for growth was the hours of opening from twelve noon to 4 p.m.

It had been our plan to have the MacDade Boulevard Office opened those hours, and it is obvious that it has a great appeal for residential sections. I believe we are too concentrated in the Chester Area to keep our offices closed until twelve noon. It all seems to lead to the fact that in order to expand our retail business, we should have branches in centers of population.

Incidentally, he said that the department had approved the Boulevard Office, and that we might well receive approval for another office in Delaware County if we would submit a better location.

[fol. 6022]      GOVERNMENT'S EXHIBIT 99

June 3, 1959.

Mr. Hollis S. Haggard,  
Chief National Bank Examiner,  
Office of the Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

Re: Proposed Branch—MacDade Boulevard and Kendron  
Avenue, Ridley Township

DEAR MR. HAGGARD:

May I express my appreciation to you and Parker West for the courtesy shown Ellis Ridgway, George Renninger, and me this morning. We are grateful for the time you shared with us.

We would like to emphasize four points not completely covered in the information previously sent you, but which we discussed with you today.

1. There are barriers which would serve to separate the area for our proposed branch office from the Prospect Park Office of the Broad Street Trust Company, and the Ridley Office of the Fidelity-Philadelphia Trust Company. These barriers are the embankment of the Pennsylvania Railroad, and the tracks of the Baltimore and Ohio Railroad which seal off all but the few through streets of Kedron Avenue (also known as Lincoln), Amosland Road, and Swarthmore Avenue. Therefore, many residents of Ridley Township do not have convenient access to banking facilities over good through roads and would be better served by the proposed location.

2. The Philadelphia National Bank would give to the people of the area a  $2\frac{1}{2}$  per cent interest rate on Savings balances, as compared to the 1 per cent rate currently paid by Broad Street Trust Company.

3. There is a shifting population in the Chester area out of the city itself into the adjacent townships, filling in the areas between Chester and Upper Darby. The concentration in Chester of our two offices does not give us outlets to properly serve our customers who have moved from the [fol. 6023] city. We should point out, however, that the situation would be even more serious were it not for the fact that we have the 11th and Madison Streets Office in Chester, permission for which you granted in 1955.

4. The First Pennsylvania Banking and Trust Company, as you know, has recently applied for a branch office at Ashland Road and MacDade Boulevard, a location rejected by our bank because of its proximity to the Sharon Hill Office of Delaware County National Bank. The First Pennsylvania Company believes the area can support two additional branches. While we do not dispute this, we would hope that an approval of our application would provide the additional banking facilities needed.

We are glad that you are reconsidering our application, and hope to hear from you at an early date.

Sincerely, (s) E. Lawrence Worstall, Senior Vice President

cc: Mr. Marshall Abrahamson, Mr. Arthur J. Hockberg:

[fol. 6024] GOVERNMENT'S EXHIBIT 102

January 18, 1961.

To: G. Edward Cooper, Senior Vice President

From: Ellis B. Ridgway, Jr., Vice President

Subj.: Service Charges as proposed in the Application For Approval to Merge—PHB and Girard.

The merger memorandum has been reviewed by the Managers of the following areas and branches:

W. Bruce Pye—Bucks County  
George H. Renninger—Chester Area  
Frank R. Dyer, Jr.—Northeast  
Frederick G. Erb—Citizens  
Alan Resendorph—Hatboro  
Harold K. Koch—Lansdale  
C. R. Gillam, Jr.—Montgomery



This group includes all areas where the Regular and Special Checking schedules differ from the central city one. Each has prepared a memorandum listing his reactions, comments and suggestions to the several changes listed in the proposal. These memorandums are attached for your study.

The reactions vary among the group depending largely on present and prospective competitive conditions. There is little concern with respect to center city based competitors, because they may be expected to have similar operating costs and a similar inclination to set charges approximating ours. The independent banks, which generally have lower charges (because of lower operating costs, lack of knowledge of costs, or a desire to grow at the expense of current earnings), are a source of concern to those Managers who presently compete with them. Note that three Managers strongly recommend that the proposed charges not be installed in their areas (Pottstown—both Regular and Special; Chester—Regular; Norristown—Special).

The Regular Checking service charges listed in the proposal, if reasonably competitive, will result in only a small percentage loss in deposits but a higher percentage loss in checking account customers. The latter will be more severe in specific areas such as Pottstown and perhaps Chester. The installation of a metered service charge arrangement covering personal accounts (most affected) will be helpful in developing a clearer and more easily understood sales presentation for this service. The miscellaneous penalty charges seem, if anything, to be low. I wonder whether or not the 75¢ Maintenance Charge is enough in view of the cost analysis made of our present operation. If we are [fol. 6025] going to disturb our customers, it seems best to do this with an amount large enough to preclude the necessity of another change in the near future.

In the Special Checking category, I understand the necessity of continuing two types of accounts for present customers of each bank. I believe, however, that it will be a serious mistake to sell two types after the merger. Both should be analyzed (along with other systems) to arrive at a clear statement as to which will be saleable and adequately serve the customer with the most economical operation—providing us with a reasonable profit at the lowest

possible price to the customer. Increasing the Maintenance Charge to 50¢ will result in some loss in deposits and in the number of Checking Account customers from the present PNB list.

**General Comments:** Our service charges on Regular and Special Checking accounts should be increased and should be uniform among offices. It is unfortunate that increases occur at the time of the merger as this could create an unfavorable reaction to the merger itself. Increasing our charges will result in a loss of customers and deposits and have a depressing effect on future customer and deposit development efforts—how much—will depend somewhat on the amount by which our prices exceed those of our competitors.

—, —, (E.B.R.)

Enc.

[fol. 6026]

GOVERNMENT'S EXHIBIT 103

THE PHILADELPHIA NATIONAL BANK

Memorandum

December 5, 1960.

**To:** Ellis B. Ridgway, Jr., Vice President

**From:** W. Bruce Fye—B

**Subject:** Proposed Service Charges on Special and Regular Checking Accounts.

#### Special Checking Accounts

In reviewing the proposed service charges, I was intrigued to see that it would be expected that the two separate systems would be continued. It may be inappropriate for me to make a comment on this but I feel that this could well introduce some serious problems internally, as well as a certain amount of confusion in the minds of our customers.

I would feel that the increase in maintenance charge would be acceptable if we felt that Fidelity and First Pennsylvania Co. would be increasing their maintenance charge to a similar amount. You will recall that at the time we went to a maintenance charge in early 1960 (and coinciden-

tally reduced the charge per check from 12½ to 10¢), we lost a number of accounts. The customer who was disturbed by the maintenance charge was for the most part the individual who had drawn only one or two checks a month, and realized that the maintenance charge would considerably increase the cost of the service to him. The rest of the charges do not seem to be out of line or burdensome and I would think that, with the exception of the above stated comments, we could expect a minimum of reaction.

### Regular Checking Accounts

Balances 0 to \$299:

Presently a charge of \$1.00 a month is made in this area for accounts falling within this category, but we do permit ten items of activity. As you are well aware, Fidelity makes a \$1.00 charge but permits one item for each \$20 of the balance, so here again we could be at a competitive disadvantage unless Fidelity contemplated making some adjustment in their charge.

[fol. 6027] Balance \$300 to \$499:

Presently these accounts are analyzed with an earnings credit of 10¢ per month, and items paid and deposited paid at the rate of 5¢ each. It is our understanding that Fidelity uses the same earnings credit and the same item charge but does not have a maintenance charge. Here again it is possible that we might experience a loss in the number of accounts.

An analysis of our Regular Checking Accounts accomplished in September of 1959 indicated that although there was a substantial percentage (approximately 35% of our total Regular Checking Accounts) in the 0—\$499 category, these accounted for only about two or three percent of the total balances.

### Personal—Over \$500 Analysis

The increase in earnings credit from \$1 a thousand to \$1.50 a thousand would exactly offset the increase in the maintenance charge from 50¢ to 75¢, and since we are presently making the charge of 5¢ an item, the customer would actually be getting a better break. There has never

been an item charge for deposit tickets in the area and the imposition of this charge would, I am sure, cause considerable controversy with our customers, with First Pennsylvania Co. and Fidelity charging only 5c for the deposit ticket. This could well be troublesome.

#### Company—over \$500 Analysis

By and large the same comments apply to this type of account with the exception that our customers would get a better break on the item charge for deposited items, as well as in those cases where the volume of checks drawn was over 1,000. The proposed charge for deposit tickets would be of some consequence with this type of account but, in my opinion, not nearly as difficult to explain as in the case of the Personal accounts referred to above.

In conclusion, I would think that the increase in maintenance charge for specials would compel us to render monthly statements, which is covered to a degree in my memo covering the impact of increased capital by virtue of the new office of The First Pennsylvania Co. at Levittown. I would seriously question the wisdom of disturbing the [fol. 6028] service charge situation until we were convinced that Fidelity and First Pennsylvania Co. were going to make some upward revision in their charges. If it is felt that this is the ~~case~~, I would feel that on balance the proposed charges are realistic and should be adopted. It would be my further conviction that we would lose a certain number of accounts but that the dollar balances involved would be insignificant. The value of serving this type of customer is questionable but, nevertheless, they do represent customers, and in some sense of the word The Philadelphia National Bank is their bank.

—, —, WBF

## THE PHILADELPHIA NATIONAL BANK

## Memorandum

To: Ellis B. Ridgway, Jr., Vice President Main Office

From: George H. Renninger, Vice President, Chester Area  
Offices

Subject: Service Charges—Chester Area

<b>Special Checking Accounts</b>		<b>Regular Checking Accounts</b>	
Checks drawn	10 when posted	Maintenance	.50
Maintenance	25 a month	Checks drawn	.04 ea.
Returns-NSF or		Checks deposited	.02 ea.
uncollected Funds	2.00	Earnings credit	.12 per
Stop payments	.50	100 of collected balances	
Certified Checks	.25		
Official Checks	.20	<b>Other Analysis Charges</b>	
Registered Checks	.20		
Deposit items ret'd	.25	NSF Uncollected Funds	
Additional Statements	.25	post dated	2.00
		Overdrafts, Deposited checks	
		ret'd, Certified checks and	
		stop payments	No Charge
		Official checks	.20
		Registered checks	.20
		Collections—Regular	.75

The above charges have been continued in the Chester Area since the merger except for the recent change-over to 10¢ a check for Special Checking accounts from \$2.00 for a book of 20. This has been done to meet competition from the local bank which has service charges in some instances even lower than ours. In a discussion of this problem with G. M. Stull of our Advisory Committee, he emphasized that any change upward in our charges would result in a flow of accounts to Delaware County National Bank. He firmly believes that J. N. Pew would welcome the opportunity to secure the additional accounts and that the DCNB people are not presently concerned with earnings from Service charges except as they might apply to such charges as NSF—Uncollected Funds, Post dated checks and the like.

The Fidelity lost a great many accounts in number and volume when it applied Philadelphia area charges to its local Chester area accounts—it would appear that our experience would be the same. I would not recommend a change now in light of our need for regular checking accounts.

George M. Renninger.



[fol. 6030]

## GOVERNMENT'S EXHIBIT 105

## THE PHILADELPHIA NATIONAL BANK

## Memorandum

December 23, 1960.

To: Ellis Ridgway

From: Frank Dyer

Subject: —

DEAR ELLIS:

As suggested, I have looked over the merger application with particular reference to the proposed service charge schedule on both regular and special checking accounts.

There is certainly nothing drastic proposed on the *special checking* account charges. In fact, I am a bit surprised that we didn't go further and make the check charge, at the outset, the same for both banks. Apparently both systems are going to be retained. The increase in maintenance charge follows the proposal made by the Service Charge Committee in which we both participated. As you know we do an appreciable volume in the Northeast on registered checks and there is to be no change in this levy. This is gratifying in view of the recent increase which PNB put through.

It does seem that we are going pretty far in raising the stop payment charge from \$.50 to \$2.00, recognizing that this is the kind of thing that cannot always be controlled by the customer. This would represent a 400% increase over our present level and I see that the Service Charge Committee had recommended a price tag of \$1.

The proposed service charges on *regular checking* accounts are, in my opinion, completely digestible. I note that in some of the important categories the proposed charges will be less than those recommended by our Service Charge Committee. I must confess also that I like the technique which is planned for handling regular checking balances under \$500, a system which will be used by all of the city banks except First Pennco. It is probably good politics to keep the maintenance charge where it is, at least for the time being.

The only item which is not clear to me is the institution of a charge for cashing checks. The Northeast Division does quite a bit of this particularly for the benefit of the employees of important depositors. This would constitute a double charge, first in the analysis of our customer and secondly by the person absorbing the direct charge. It would also be a time consuming process for the teller and could create delays during our busy periods. This is not to say, however, that the charge is not justifiable and if Girard Corn does it now they must have a workable plan.

Frank Dyer.

Answered by phone 12/29.  
(Copy not legible).

[fol. 6031]

GOVERNMENT'S EXHIBIT 106

THE PHILADELPHIA NATIONAL BANK

Inter Office Memorandum

January 5, 1961.

To: Ellis Ridgway, Vice President, UT

From: Willard M. Bickel, AVP, CP

Subject: —

I am returning the application for approval to merge Mr. Erb, and I have reviewed the application, especially the part pertaining to the proposed service charges on Regular and Special Checking Accounts. We both feel that it would be rather difficult to adopt all of these charges in this area in as much as we have recently increased our charges and are now on a competitive basis with the Pottstown Banks. However, we have competition with the surrounding banks in the area where little or no service charges are used. We have lost several accounts to them. We feel that we cannot make these adjustments at this time. We are always willing to cooperate wherever we possibly can but feel that some of these changes would be rather difficult to explain to our customers at this time.

Thank you for giving us the opportunity to review the enclosed application.

WMB/AR

[fol. 6032] GOVERNMENT'S EXHIBIT 107

## THE PHILADELPHIA NATIONAL BANK

January 12, 1961.

## Memorandum

To: Mr. Ellis Ridgway, Jr., Vice President—U.T.

From: Mr. Alan Resendorph, Asst. Vice President—  
Hathboro Office.

Subject: Proposed Service Charge

A comparison of the proposed service charge with our current set-up and our competitors, leads me to the following conclusions.

The nearby Huntingdon Valley Office has been using the First Pennsylvania main office charge. The manager informs me that they had reaction and loss of accounts when first put into effect. That has since disappeared and the charge is working out satisfactorily in the community. Their charge is very much like our proposal.

Sample account comparisons with Bank of Old York Road and Doylestown National indicate that our charges will be relatively high. Neither bank is at this time considering any changes in their program. Consequently, we will have some attrition when the change occurs because their charges will be lower than ours.

While we can make comparisons and consider the number and dollar amounts in our Demand Deposit balances, we find it very difficult to create a basis for estimating loss of balances. Our previous experience has proved that it is most difficult to predict a dollar amount.

Our relationship with our customers is good. In March 1958 when we increased our charges slightly we did have questions but little loss. Accordingly, I would doubt if our loss of accounts would be more than \$200,000.

However, I must point out our charges will automatically work to our disadvantage in getting new business. The present lower charges of our two competitors has already been a problem in that regard. With our charges going up and theirs remaining the same this will continue to be a problem in our business development program.

(AR).

[fol. 6033] GOVERNMENT'S EXHIBIT 110

## THE PHILADELPHIA NATIONAL BANK

## Memorandum

January 13, 1961.

To: Mr. Ellis B. Ridgway, Jr., Vice President.

From: Harold K. Koch "L"

Subject: Proposed Service Charge Schedule

DEAR ELLIS:

The following points occurred to us concerning the subject matter.

It is our feeling that the proposed changes could tend to confuse the customer when the various accounts would be explained. Currently, we have one plan for our special checking accounts and one for our regular checking accounts. Under the proposed changes, we would find it necessary to explain the charges in the special account set-up and would have to explain four procedures concerning our regular checking accounts; namely, those accounts with balances from zero to \$299; those from \$300 to \$499, personal accounts over \$500 and company accounts over \$500. We are of the opinion that under the proposed plan the average customer might be more confused than he is at present.

In an office of this size, it is rather difficult to correctly time ourselves in handling bulk currency deposits and payrolls. We do not have separate departments for handling such services. This is done during any available time between serving customers, which makes it difficult to use the per minute and per hour base for charges. Possibly, a schedule of average times required could be established.

The timing of effecting increased service charges could be very important. If an increased set of charges should become operative immediately after the merger, it might be that the average person would blame it on the merger rather than understand it as a natural increase due to increased costs.

Concerning our recent telephone conversation—it would seem proper to be mindful of our area competition when

considering an increased service schedule. A satisfactory solution regarding the matter discussed would assist us very greatly. Even so, the influence exerted by our competition in the peripheral area (such as Chalfont, Harleysville and Souderton) could affect a number of our customers.

Sincerely, Harold.

HKK:a

[fol. 6034]

GOVERNMENT'S EXHIBIT 111

THE PHILADELPHIA NATIONAL BANK

Memorandum

January 27, 1961.

To: Mr. Ellis B. Ridgway, Jr., Vice President

From: Carl Holtby

Subject: Merger Application and Service Charges

DEAR ELLIS:

Many thanks for allowing me to look over the application for merger, particularly the section devoted to proposed service charges for the combined bank. This application certainly represents a tremendous amount of work for a great many people and although I did not have an opportunity to go over it word-by-word, my general impressions were that an excellent job has been done.

Generally, I believe the proposed service charge program represents an improvement over our present plan. There for quite a while, we seemed to be getting a lot of "shoppers" and, frankly, there were times when we lost potential accounts because of the size and complexity of our service charge program. Although these situations have been very infrequent of late, nevertheless, I think the new plan will be more easily explained to the layman and although it is not as inexpensive as our local competitor's, it seems close enough to be competitive.

I am a little bit concerned with the substantial increase in charges for certain of the miscellaneous services such as certifications, stop payments, etc. I wonder if we are actually obliged to mention these costs when the services



are requested? The only other item in the regular checking program that gives me some concern, and it always has, is the cost of our deposit tickets (10 cts). In looking over all the other banks listed, I could not find one whose item charge was as high. Frankly, I think this is often the most difficult cost to substantiate to a prospective customer. Also, I am curious to know if company accounts under \$500 would be analyzed on our present plan or in the same fashion as the proposed individual account analysis. I know it is difficult for the center city banker to realize it but we do have such company accounts although, fortunately, they are not numerous.

I am pleased that we will retain our program for special checking accounts, but suspect that due to our proximity to several offices of the Girard Bank, some questions may arise as to the monthly maintenance fee discrepancy (25 cts.—50 cts.). Might I assume that we would just go ahead and transfer such accounts to this office just as if they [fol. 6035] were coming from another bank if the question is raised? We have on a number of occasions heard comments concerning Girard's special checking "cardboard check" and I am glad that we will not have to use it for our accounts. I don't believe it has been well accepted in this area. I assume also that we will be given the necessary supplies for the Girard special checking accounts so that their customers in this area can be accommodated. It would be my hope, too, that eventually this difference would be resolved so that a uniform package would be offered in the area. I know from experience that even out here we did have some problems after the Gimbel Bank merger in supplying folks with the proper deposit tickets and check-book styles.

Carl.

[fol. 6036]

GOVERNMENT'S EXHIBIT 112

THE PHILADELPHIA NATIONAL BANK

## Memorandum

February 1, 1961.

To: Mr. Ellis B. Ridgway, V. P., Main

From: J. M. Minster, A. C., 3131

Subject: Comment on proposed service charge program

DEAR ELLIS:

I considered the opportunity to review the material in the "application for approval to merge" as a special privilege. The reporting on all phases must have been a staggering job. I have reviewed the detail on the proposed "service charges" as they may eventually appear on the schedule of the "resulting bank" and have very carefully considered the reaction in my area as to their being installed on or before merger. I believe them to be fair and relative because:

1. They meet current competitive trends and form a foundation for meeting the future increases in operating costs.
2. Increases in the fees relative to overdrawing, certification, stop payments, N.S.F., uncollected, and post dating will have a "sobering" effect and contribute to a "quality" trend in accounts. Increased "fees" for violation are bound to reduce the number of "instances" in these areas.
3. The "free item" factor in the graduated balance area will in my opinion "sell the more reasonable balance" idea to those who *want* to benefit and to those who *maintain* relative balances, there will be increased benefits. The latter, as far as I can determine, receive no other benefits now than the "balance Credit" we now have and they would like the "free item" bonus.
4. All of the increases will help "discipline" customers who habitually keep poor account records and who in my opinion deserve to be labeled "delinquents." An account always in balance is certainly a step in

the "quality" direction and I am in favor of adopting any service charge procedure that will "discipline" or eliminate undesirable business. Bad apples make lousy pies.

5. I believe the increases will help produce the income to offset the staggering increase in costs. To me banks generally have failed to adopt a realistic approach to demanding a fair price for very important services. I also feel that with the increase in personal incomes over the last 10 years that now is the time to "sell" increases for services. Who complains about tax increases on entertainment, gas, jewelry? Why can't service charges be presented and considered in the light of "if you want it, pay for it" and make everybody want it as an accepted and necessary quality item?

If the increases proposed become effective in my area as of now after merger, I cannot see anything but an improvement. I personally have never felt that our approach to "eliminating" constant offenders was equal to that of our competitors who simply will not tolerate any deviation from sound banking procedures.

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[fol. 6037]                      GOVERNMENT'S EXHIBIT 113

January 16, 1961.

To: Ellis Ridgway, Vice President, U.T.

From: Cliff Gillam Montgomery

Subject: Service Charges.

DEAR ELLIS:

We have reviewed the proposed service charge schedule for the merged bank and have also sounded out the other banks in a very preliminary way on the likelihood of adjusting service charge schedules upwards.

I believe the Montgomery County Bank and Trust Co. would look with favor upon a revision of Regular Checking Account charges and the officer in charge of their operations at the present time is thinking of a \$1.00 maintenance charge, a charge of 5¢ per item drawn and deposited and

an earnings credit of 15¢ per hundred of collected balance per month. This is his thinking and has not progressed much further than that, I don't think. He feels that the Special Checking charge of 10¢ per check when posted and a 25¢ maintenance charge are about right, however, and it is doubtful whether they would want to make any changes in this schedule. Their charges on Regular Checking Accounts are now somewhat higher than ours in as much as they apply a 10¢ per month earnings credit less reserve and float and also they use the lower balance rather than the average balance for small personal checking accounts.\*

Their item charge is 4¢ for items drawn and deposited at present (same as ours).

The attitude of the Peoples Bank is somewhat hard to determine but I gather that they will not be thinking in terms of revision in charges until at least the latter part of this year, however, they are now charging 5¢ an item deposited or drawn compared to 4¢ for ourselves and Montgomery County Bank and Trust Co. so that their charges are already somewhat above ours. On their Special Checking Accounts, they sell checks for 10¢ each with a 25¢ maintenance charge.\*\*

In summary with respect to the two major banks in town, it appears unlikely that any revision of Special Checking Account charges will take place in the near future. With respect to Regular Checking Accounts, both banks are already somewhat higher than we are and one of the banks is considering increasing its charges.

### Recommendations

1. Special Checking—We would like to keep our present Special Checking Account service charge schedule of 25¢ per month maintenance charge plus 10¢ charge per check. We feel we would be under a real competitive disadvantage if we raised our maintenance charge to 50¢. We would be

\* Our earnings credit is 10¢ per hundred per month on the gross average balance.

\*\* Peoples earnings credit on regular accounts is 10¢ on gross minimum balance up to \$2,000 and 15¢ on average balance less float over \$2,000.

satisfied to sell checks for 8¢ and 10¢ as Girard does so long as we could keep a 25¢ maintenance charge. If it is [fol. 6038] necessary to go to a 50¢ maintenance charge, we would then prefer to sell checks at 8¢ and 10¢ each rather than to post a 10¢ charge against the account. The reason for this is that the "thrifty fifty" package would give us an offset to our higher maintenance charge until such time as the local competitors come into line. We do not believe that it would be wise for the merged bank to have two separate schedules for Special Checking Accounts.

2. Regular Checking Accounts—We would be quite satisfied to adjust to the proposed service charge schedule on Regular Checking Accounts both personal and business, provided we had the competitive Special Checking Account. The resulting charges for personal checking accounts over \$500; and business accounts would not be too much greater than our competitors are now charging because of the lower rate on deposited items and higher earnings credit. If you have any questions do not hesitate to call.

CRG/nap

[fol. 6039]

GOVERNMENT'S EXHIBIT 115

### EXHIBIT "I"

#### Survey of Branch Area Competition



(Refer to Examples I at previous meeting)

## Competitive Account Analysis

	P. N. B.	Chalfont National	Liberty Real Estate	Fidelity Phila.	Delaware Co. Natl.	Broad Street Trust
B. D. P. C. Sunshine	92 1 45 New	50	1 00	1 00	1 00	1 00
D. W. Campman	1 17 Old	50	1 00	1 20	1 40	1 20
Edgar Burham	1 73 New	None	1 75	1 30	3 10	1 30
Joseph Pastman	2 30 New	None	None	None	None	
Allied Hobbies	3 67 Old	None	Unknown	Unknown	9 98	16 75 -
Mid-City Hotel	13 Old	None	Unknown	Unknown	None	None
E. W. Fischer's Sons	77 New	None	1 05	1 05	None	1 32
District #1	19 93 Old	50	1 00	1 00	None	1 00
David Todd Ltd.	25 90 New	None	None	None	None	11
B. D. P. C. Sunshine	None Old	None	None	None	Bryn Mawr Trust	Jenkintown Bank & Tr.
D. W. Campman	1 01 New	None	None	None	1 00	1 00 1/2
Edgar Burham	25 Old	None	None	None	1 40	1 40
Joseph Pastman	85 New	None	None	None	2 55	1 53
Allied Hobbies		None	10	45	None	None
Mid-City Hotel		None	25 65	25 90	15 90	13 93
E. W. Fischer's Sons		None	None	None	None	None
District #1		1 87	1 30	2 05	31	74
David Todd Ltd.		93	1 00	1 00	1 00	02
		15	None	25	None	None

[fol. 6041]

(Refer to Examples issued at  
previous meeting)

## Competitive Account Analysis

	Montgomery Country Bank	First Nat'l Newtown	Union Bank Souderton	Security Trust Co.	Old York Rd.
B.D.P.C. Sunshine	60	1 00	60	55	50
D. W. Campman	76	1 00	80	75	90
Edgar Durham	1 84	1 85	1 70	1 60	60
Joseph Pastman	10	10	None	None	None
Allied Hobbies	21 18	4 25	Unknown	25 15	23 30
Mid-City Hotel	None	None	Unknown	None	None
E. W. Fischer's Sons	1 24	70	Unknown	1 15	None
District #1	32	25	None	60	None
David Todd Ltd.	18	None	None	None	None
		Doylestown National	Doylestown Trust	Second National	Frankford Trust
B.D.P.C. Sunshine		45	45	55	1 00
D. W. Campman		55	55	67	1 00
Edgar Durham		1 85	1 85	1 45	None
Joseph Pastman		10	10	None	None
Allied Hobbies		4 25	4 25	15 46	None
Mid-City Hotel		None	None	None	None
E. W. Fischer's Sons		70	70	93	None
District #1		25	25	29	None
David Todd Limited		None	None	61	None



[fol. 6042]

## Analysis Survey of Philadelphia Banks Regular Checking as of September 20, 1960

Bank	Analysis Basis	No. of Days Float	Meter Basis			Analysis Begins (Underlined)	Earnings per \$100	Monthly Maintenance	Items				Minimum Amount Charged
			Balance Under	Items Allowed \$1	Extra Items				Checks Paid	Deposit Tickets	Cash Deposited	Checks Deposited	
Girard Trust Corn Exchange	Average Collected Balance	2	\$300 \$500	5 10	\$ .05 \$ .05	\$500 \$2,500	\$ .15	\$ .75	\$ .05 \$ .05	\$ .05 \$ .05	\$ .05 \$ .03	\$ .05 \$ .03	\$ .50 No chg. \$ .25 or less
Philadelphia National Bank	Average Collected Balance	1	No Meter Basis			\$100	\$ .15	\$ .75	\$ .06	\$ .10	\$ .03	\$ .03	\$ .26
First Pennsylvania Company	Average Collected Balance	2	No Meter Basis			\$100	\$ .15	\$1 .00	\$ .05	\$ .05	No Chg.	\$ .03	\$ .26
Fidelity Philadelphia Trust Company	Average Ledger Balance	None	Low Bal. Under \$300	1 for Each \$20 of low Balance	\$ .05	\$300 \$2,500	\$ .12	\$ .50	\$ .05 First 300 items—\$.04 Over 300 items—\$.03 Cash deposited is not an item	\$ .05	No Chg.	\$ .05	\$ .25
Central Penn National Bank	Average Collected Balance	2	\$500	10	\$ .05	\$500 \$1,500	\$ .10		\$ .05 \$ .04 \$ .05	\$ .05 \$ .02	\$ .05 \$ .02	\$ .05 \$ .02	\$ .25
Provident Tradesmens Bank and Trust Company	Average Ledger Balance	None	\$300 \$500	10 15	\$ .05 \$ .05	\$500 \$5,000	\$ .10	\$ .50	\$ .05 First 500 items—\$.04 Over 500 items—\$.03 Deposit ticket is not an item	No Chg.	\$ .05	\$ .05	\$ .26
[fol. 6043]													
Broad Street Trust Company	Average Collected Balance	2	\$100 \$200 \$300	5 10 15	\$ .05 \$ .05 \$ .05	\$300	\$ .10	\$ .60	\$ .04	\$ .03	\$ .03	\$ .03	\$ .25
Liberty Real Estate Bank and Trust Company	Average Collected Balance	2	\$200	10	\$ .05	\$300 to \$1,500	1 item for each \$50.00. Extra items \$.05. Deposit Tickets not considered items						
	Balance		\$300	15	\$ .05	\$1,600	\$ .10	\$ .50	\$ .04	No Chg.	\$ .03	\$ .03	\$ .26
Frankford Trust	Average Ledger Balance	None	\$200	15	\$ .03	\$200	\$ .10	\$ .35	\$ .03	No Chg.	No Chg.	\$ .03	\$ .25
Industrial Trust	Average Ledger Balance	None	\$100 \$200	10 \$1.85 Chg. 6 items allowed	\$ .03 \$ .04	\$200	\$ .10	\$ .50	\$ .04	No Chg.	No Chg.	\$ .04	\$ .25
Second National	Average Ledger Balance	None	\$300	None	All Items \$ .03	\$300	\$ .10	\$ .50	\$ .03	\$ .03	\$ .03	\$ .03	\$ .25

[fol. 6044]

Misc. Expenses	Girard Trust Corn Exchange	Phila. Nat'l Bank	First Penna. Co.	Fidelity Phila. Trust Co.	Central Penn Nat'l Bank	Provident Tradesmens Bank & Trust Co.	Broad Street Trust Co.	Liberty R. E. Bank & Trust	Frankford Trust Co.	Industrial Trust Co.	Second Nat'l
Certified Checks	.75	.25	No Chg.	.50	.25	.25	.75	.25	No Chg.	NA	.25
Checks Returned NSF & Uncoll. Funds	2.00*	2.00	3.00*	2.00*	4.00*	3.00*	3.00*	3.00*	2.00*	3.00*	2.00*
Checks Returned Post Dated	2.00*	2.00	3.00*	2.00*	4.00*	3.00*	3.00*	3.00*	2.00*	3.00*	No Chg.
Collections	1.00	1.00	.50	1.00	2.00	1.00	1.00	From .25 to 1.00	NA	NA	NA
Currency Deposited	3.00	NA	4.00	3.00	4.00	3.00	4.00	No Chg.	No Chg.	NA	No Chg.
Deposit Return	per hr. .30		per hr. No Chg.	per hr. .25	per hr. .25	per hr. .25	per hr. .30				
Overdrafts	2.00	1.00	3.00*	2.00*	No Chg.	No Chg.	2.00	No Chg.	No Chg.	No Chg.	No Chg.
Payrolls	3.00	15	4.00	3.00	.50	.50	.35	No Chg.	No Chg.	3.00*	No Chg.
	per hr.	Per 100 Units	per hr.	per hr.	per order	per order	per order	per order			Per 100 Units
Rolled Coin	.02	.01 1/2	.01 1/2	.02	.02	.02	.02	.01 1/2	.01	NA	NA
Stop Payments	2.00	.50	2.00	1.50	.50	1.00	1.50	.50	.50	No Chg.	NA
Treasurers Checks	.75	.25	.25*	.75	.25*	.25	.75	No Chg.	No Chg.	No Chg.	.25*
Registered Checks	.20*	.25*	.25*	NA	.15*	NA	NA	.15*	.15*	NA	NA
Wire Transfers	.75*	\$1.25	1.00	1.00	NA	.75	1.25	1.00	NA	NA	NA
Checks Cashd.	.20	.05	No Chg.	.10	.05	.10	.20	No Chg.	No Chg.	No Chg.	No Chg.

## Remarks:

NA—Information Not Available.

\* Indicates Direct Charge.





[fol. 6045]

## GOVERNMENT'S EXHIBIT 116

DUN & BRADSTREET, INC. REPORTS  
(substituting for original bank copy)

As 1952 was the last time that any adjustment was made in our charge to customers for obtaining agency reports, and as our contract price with D & B has increased since then, the writer made a comparison between our costs in 1952 and the present time.

	1952	1958
Reports under base contracts	\$ 2.25	\$ 3.00
Additional reports	\$ 1.85	\$ 2.25
Total contract costs	\$7.715	\$11.798
Number of reports	3,400	3,500
Overall cost per report	\$ 2.27	\$ 3.38

In view of these figures it was felt this might be an opportune time to discuss this situation with the other banks and, consequently, on May 28 a meeting was held in this office with the following in attendance: George Hansmann of First Pennco, Bob Dodson of Central Penn, Lee Hughes of Provident-Tradesmens, Don Horsey of Fidelity-Philadelphia and Bill Van Norden of Girard Corn.

A general discussion was held in connection with the recent conversations which Mike Farley has had with each of our banks pertaining to this problem and, in accordance with the statements made, it would seem that our own bank is less strict than any of the others in allowing D & B reports to get into customers' hands. According to each of those present, their policy was, with hardly any exceptions, to have the customer come in and read the report, although in some cases facilities were provided (typewriter) in order that a copy of the report might be made by the customer.

A discussion was then held as to present day costs with the view to increasing the charge to customers from \$3.00 to \$4.00. It was learned that PNB costs were the highest of any of the banks attending, with the figures ranging from \$2.95 for Pennco down to \$2.35 for Provident Tradesmens. George Hansmann indicated that his bank was entirely willing to go along with the \$4.00 charge and Lee Hughes indicated that he was in favor of raising the price to a preventive point (\$10.00); however, he wanted to consult

with his associates and will let me know if the \$4.00 price would be agreeable. Bob Dodson of Central Penn also wished to consult further with his associates and will let me know, although he seemed to feel that \$4.00 would be returning a small profit to their bank. Fidelity also felt that \$4.00 would give them a profit and they were reluctant to have this situation. Don Horsey mentioned that they were charging only \$2.50 at the present moment and he certainly wanted to get in line with the rest of the banks. (I did not mention that Wayne Wilson, who represented Fidelity at the last meeting in 1952, had agreed to go along with the \$3.00 price). Don will report further to the writer. Bill Van Norden of Girard Corn (this bank was not represented for some reason at the 1952 meeting) indicated that they had raised their price from \$2.50 to \$3.00 about 2 months ago. He stated that \$4.00 would definitely return a profit to them (undesirable) and that they did not feel they wanted to increase their charge again in such a short time. He was quite definite in the fact that his bank would not take any action now. He further stated, however, that, due to certain circumstances, they had clamped down rather heavily on ordering reports for customers and that their policy was one of cutting out this practice entirely. He said that there had been only 2 exceptions in the last 60 days. [fol. 6046] As a matter of interest, Pennsylvania Company stated that they obtain approximately 150 reports a year for customers, whereby Leo Hughes said their figure was around 200. According to our own records, in Main Office only, we obtained 90 reports for customers from the beginning of June through December 1957, and 23 reports to the end of May, 1958.

Edward G. Beatty.

6-2-58.

6-3-58 Reviewed with Mr. E. L. Worstall and it was agreed that a charge of \$3.50 per report to customers would be proper.

(Initials illegible)

[fol. 6047] GOVERNMENT'S EXHIBIT 117.

Excerpt from Minutes of a Regular Meeting of the Board of Directors of The Philadelphia National Bank held on November 15, 1960.

The President reported to the Board that preliminary negotiations, which he described, had been held between representatives of The Philadelphia National Bank and Girard Trust Corn Exchange Bank to consider the possibility of a merger of the two banks. He stated that the senior officers of the two banks are in agreement as to the desirability of uniting for the reasons which he presented in detail. He proposed a program, the fundamentals of which are that the new institution will be a national bank named Philadelphia Girard National Bank and Trust Company; that the bank will retain the number of shares presently held and shareholders of Girard will receive 1.2875 shares in the merged bank for each share of Girard stock presently held; and that the principal officers of the new bank will be:

Frederic A. Potts, Chairman and chief executive officer  
George H. Brown, Jr., President and chief administrative officer

Geoffrey S. Smith, Vice Chairman and Chairman of the Executive Committee of the Board

John McDowell, Executive Vice President

George R. Clark, Vice Chairman

On motion duly made, seconded and unanimously carried, it was

Resolved, That this Board approves the proposed program and directs the President, and such other officers as he may designate, to prepare with representatives of Girard Trust Corn Exchange Bank, a final agreement of merger for consideration and approval by the Boards of the two Banks, prior to its submission to shareholders, and to make all necessary applications to regulatory authorities.

I hereby certify that the foregoing is a correct excerpt from the Minutes of the above-captioned meeting and that it is still in full force and effect.

— — — Secretary of the Board.

November 15, 1960

Excerpt of Minutes and Resolutions adopted by the Board of Directors of the Philadelphia National Bank December 20, 1960.

The President reported to the Board that pursuant to the resolution adopted November 15, 1960, directing the preparation of an agreement to combine this bank and Girard Trust Corn Exchange Bank and the making of all necessary applications to regulatory authorities, an application requesting approval of the Comptroller of the Currency had been filed. He presented to each director present a form of agreement and announced that it had already been executed by Girard Trust Corn Exchange Bank and by a majority of the members of its Board of Directors. At his request the salient points of the form of agreement were reviewed for the Board by general counsel for this Bank. After discussion, upon motion duly made, seconded, and unanimously carried, it was

Resolved, that the President and the Cashier of this Bank be and they are hereby authorized and directed to execute in the name of and on behalf of this Bank an Agreement of Consolidation in the form presented to this meeting, a copy of which is directed to be attached to the minutes of this meeting, with such changes therein, other than changes of substance, as the President shall with advice of counsel approve; and further.

Resolved, that the proper officers of this Bank be and they are hereby authorized and directed to take any and all such action as they shall deem necessary or desirable to carry out the provisions of said Agreement of Consolidation.

Conformed copy

Agreement of Consolidation between Girard Trust Corn Exchange Bank and The Philadelphia National Bank, under the charter of The Philadelphia National Bank, under the



title of "Philadelphia Girard National Bank and Trust Company."

This Agreement, dated December 20, 1960, is made between Girard Trust Corn Exchange Bank ("Girard"), a bank and trust company organized under the laws of Pennsylvania having its principal office in Philadelphia, Philadelphia County, Pennsylvania, with a capital of \$16,918,750 divided into 1,691,875 shares of capital stock, each of \$10 par value, and The Philadelphia National Bank ("Philadelphia National"), a banking association organized under the laws of the United States having its principal office in Philadelphia, Philadelphia County, Pennsylvania, with a capital of \$26,478,125 divided into 2,647,812.5 shares of capital stock, each of \$10 par value, each acting pursuant to a resolution of its Board of Directors adopted by the vote of a majority of its directors, pursuant to the authority given by and in accordance with the provisions of the Act of November 7, 1918, as amended (12 U.S.C. Section 215),

Witnesseth:

[fol. 6050]

#### Section 1

Girard and Philadelphia National (the "Consolidating Banks") shall be consolidated, pursuant to the provisions of the aforesaid statute, under the charter of The Philadelphia National Bank, which shall continue after the effective date of the consolidation as defined below.

#### Section 2

The name of the consolidated association (the "Association") shall be "Philadelphia Girard National Bank and Trust Company".

#### Section 3

The business of the Association shall be that of a national banking association. This business shall be conducted by the Association at its main office which shall be located at Broad and Chestnut Streets, Philadelphia, Pennsylvania, and at its legally established branches.

## Section 4

The amount of capital stock of the Association shall be \$48,262,000, divided into 4,826,200 shares of capital stock, each of \$10 par value, and at the time the consolidation shall become effective as specified in the "Certificate of Approval" to be issued by the Comptroller of the Currency ("Effective Date") the Association shall have a surplus of \$101,738,000 and undivided profits of \$17,370,000 adjusted, however, for the result of transactions in the ordinary course of business between June 30, 1960 and the Effective Date and for the payment of dividends as permitted by this Agreement.

[fol. 6051]

## Section 5

The corporate existence of Girard shall be merged into and continued in Philadelphia National, which shall continue in existence as the Association, and the Association shall be deemed to be the same corporation as each of the Consolidating Banks. All rights, franchises, and interests of each bank in and to every type of property and choses in action, including those held by it as fiduciary, as they exist at the Effective Date shall be vested in the Association without any conveyance or transfer; and the Association shall be responsible for all of the liabilities of every kind and description, including liabilities arising out of the operation of the Trust Department, of each bank existing as of the Effective Date.

Girard shall contribute to the Association acceptable assets having a book value, over and above its liability to the creditors, of at least \$74,059,392, and having an estimated fair value, over and above its liability to its creditors, of at least \$91,074,078, or 44.62% of the aggregate estimated fair value of excess acceptable assets over and above liabilities to creditors of the Association, adjusted, however, for the results of transactions in the ordinary course of business between June 30, 1960 and the Effective Date and for dividend payments permitted under this Agreement.

The difference between the book value and the estimated fair value of excess acceptable assets to be contributed by Girard is made up as follows:

[fol. 6052]

Unallocated Loan Reserves	\$ 9,265,577	
Other reserves	896,415	
Miscellaneous	8,586,257	
	18,748,249	
Less:		
Market depreciation in security investments	\$1,625,007	
Additional cost of funding Pension Plan	108,466	1,733,563
		\$17,014,686

At the Effective Date Philadelphia National shall have on hand acceptable assets having a book value, over and above its liability to its creditors, of at least \$93,306,684 and having an estimated fair value, over and above its liability to its creditors, of at least \$113,038,226, or 55.38% of the aggregate estimated fair value of excess acceptable assets over and above liabilities to creditors of the Association, adjusted, however, for the results of transactions in the ordinary course of business between June 30, 1960 and the Effective Date and for dividend payments permitted under this Agreement.

The difference between the book value and the estimated fair value of excess acceptable assets of Philadelphia National, as set forth above, is made up as follows:

Unallocated Loan Reserves	\$18,292,909	
Other reserves	3,372,585	
Miscellaneous	1,108,044	
	22,773,538	
Less:		
Market depreciation in security investments	\$2,123,462	
Additional cost of funding Pension Plan	918,534	3,041,996
		\$19,731,542

### Section 6

Upon the statutory consolidation becoming effective:

[fol. 6053] (a) Each of the 2,647,812 full shares of Philadelphia National shall remain outstanding as one share of the capital stock of the Association, and the holders thereof shall retain their present rights therein; and the remaining one-half share of Philadelphia National shall be surrendered (but not canceled) and held pending action under subparagraph (i) immediately below;

- (b) Each of the 1,691,875 shares of Girard presently outstanding shall be converted into 1.2875 shares of the capital stock of the Association; and
- (c) The Association will sell 98-7/16 new shares of its capital stock in order to round out the number of shares to be outstanding at 4,826,200 as stated above in Section 4.

No certificates (whether share or scrip certificates) representing fractional shares in the Association shall be issued, but: (i) each holder of an outstanding certificate representing shares of Philadelphia National stock shall retain his certificate, which shall automatically remain a certificate representing shares of stock in the Association, except that the holder of any certificate representing a fractional share shall surrender the same to the Association promptly after the Effective Date and have the election, in order to round out the number of shares held to a whole share, to enter an order on order form to be provided for such holder, either for the purchase of an additional fractional share interest or for the sale of the existing fractional share interest, and (ii) each holder of an outstanding certificate representing shares of Girard stock shall surrender the [fol. 6054] same to the Association promptly after the Effective Date and receive in exchange therefor certificates representing the full number of whole shares of stock in the Association to which such shares of stock in Girard shall have been converted, and such holder of Girard stock shall, as to any fractional interest in shares of the Association to which he is entitled, have the election, in order to round out the number of shares held to a whole share, to enter an order on order form to be provided for such holder, either for the purchase of an additional fractional share interest or for the sale of the existing fractional share interest.

Each such shareholder of Girard shall also receive, together with the certificates representing the full number of whole shares in the Association to which his shares of stock in Girard shall have been converted, any cash dividends, without interest thereon, which may be payable to shareholders of the Association of record after the Effective Date and prior to the date of his receipt of such certificates.

The holder of a fractional interest shall not as such be entitled to any voting rights, to receive dividends (except to the extent hereinafter provided), or to any other rights of a shareholder of the Association, except the right until the close of business on a date six months after the Effective Date (or, if that date is not a business day, on the first such day thereafter), or such later date as the Association's Directors may determine, to participate proportionately in any assets of the Association in the event of its liquidation. However, a holder of a fractional interest who enters an order to purchase as provided above shall receive a [fol. 6055] certificate representing his additional whole share and all cash dividends, without interest thereon, which would have been payable on such whole share if a certificate therefor had been issued at the Effective Date.

Orders for purchase or sale received by the Association will be executed as promptly as practical after receipt, and the Association may as far as possible offset buy and sell orders received. The amount to be received from the holder for the cost of purchases and the amount to be remitted to him in the case of sales shall be determined by applying the applicable fraction to the sum of (i) the average actual price per share of shares purchased or sold for the account of shareholders on the date of execution (buy and sell orders offset against each other being treated as having been executed at such average actual price) or in the absence of a purchase or sale the average of the bid and asked prices for whole shares in the Over the Counter market at the close of business on the date of execution, as determined by the Association, and (ii) the amount per share of any cash dividends, without interest thereon, which would have been payable between the Effective Date and the date of execution if a certificate had been issued at the Effective Date.

- Shares representing the aggregate of the fractional interests for which buy or sell orders have not been received by the close of business on a date six months after the Effective Date (or, if that date is not a business day, on the first such day thereafter), or such later date as the [fol. 6056] Association's Directors may determine, shall be sold by the Association promptly thereafter. Each holder of such fractional interest upon surrender of his



certificates representing Girard stock (or Philadelphia National stock, as the case may be), shall be paid his proportionate share, without interest, of (i) the proceeds of the sale of the shares representing the aggregate of the above fractional interests, and (ii) all cash dividends which would have been payable on such shares between the Effective Date and the date of said sale if certificates for such shares had been issued at the Effective Date.

Purchases and sales may be executed publicly or privately. No brokerage commission or stock transfer taxes will be payable by the holders of fractional interests on purchases or sales pursuant to this section, but such costs will be paid by the Association.

#### Section 7

Neither bank shall, between the date of this Agreement and the Effective Date, declare or pay any dividend or make any other distribution to its shareholders, except dividends heretofore declared and except regular quarterly dividends in the amount of 50¢ per share in the case of Philadelphia National and 60¢ per share in the case of Girard, nor issue any capital stock, recapitalize or reorganize its capital structure in any manner, or dispose of any of its assets, or enter into any transaction, other than in the normal course of business. During such period representatives of each bank may examine and audit books and records of the other.

[fol. 6057]

#### Section 8

The persons who shall serve as the Board of Directors of the Association until the next annual meeting or until such time as their successors have been elected and have qualified shall be designated by a joint committee composed of three directors from each bank, said three directors of each bank to be appointed by the Board of Directors of that bank, which committee shall act with the advice of the Presidents of the two banks; and this Agreement shall be amended, prior to the commencement of publication of notice of the meeting of the shareholders of either bank to ratify and confirm this Agreement, so as to incorporate the names of said persons who shall so serve as the Board of Directors of the Association. If for any reason a va-

cancy shall exist on the Effective Date among such persons, such vacancy may be filled as provided in the By-laws of the Association.

#### Section 9

Effective as of the Effective Date, the Articles of Association of the Association shall read in their entirety as is set forth in Exhibit "A" hereto attached and made a part hereof.

#### Section 10

Effective as of the Effective Date, the By-laws of the Association shall read in their entirety as is set forth in Exhibit "B" hereto attached and made a part hereof.

#### Section 11

Each bank shall call a meeting of its shareholders to consider and vote upon a proposal to ratify and confirm this [fol. 6058] Agreement. This Agreement shall be ratified and confirmed by the affirmative vote of the shareholders of each bank owning at least two-thirds of its capital stock outstanding. The statutory consolidation shall become effective on the Effective Date.

#### Section 12

The Board of Directors of either bank, at any time prior to the Effective Date, without action or approval by the shareholders it represents and regardless of whether or not the shareholders of either bank have approved this Agreement, may abandon the statutory consolidation by written notice delivered to the other bank if:

- (a) The same shall not have become effective on or before June 30, 1961;
- (b) In the opinion of either Board of Directors the number of shares of capital stock of either bank held by dissenting shareholders makes the consummation of the statutory consolidation unwise, "dissenting shareholders" being those who, following the respective meetings of shareholders called to consider the merger, are entitled to exercise their statutory right of appraisal or

valuation and payment for their capital stock; or.

- (c) In the opinion of either Board of Directors a material adverse change in the financial condition of the other bank shall have occurred since June 30, 1960;

[fol. 6059] and in such event this Agreement shall be void. If this Agreement shall become void pursuant to the foregoing provisions, there shall be no liability on the part of either of the consolidating banks, their directors or shareholders by reason thereof.

Witness the signatures and seals of said banks the day and year first above written, each hereunto set by its President or a Vice President and attested by its Cashier or its Secretary, pursuant to a resolution of its Board of Directors, acting by a majority thereof, and Witness the signatures hereto of a majority of each of said Boards of Directors.

The Philadelphia National Bank By: s/ Frederic A. Potts President. s/ Richard C. Bond, s/ Floyd T. Starr, s/ Roy G. Rinchliffe, s/ McClure Kelley, s/ W. D. Gillen, s/ J. H. Ward Hinkson, s/ Paul J. Cupp, s/ H. T. Hallowell, Jr., s/ Frederic A. [fol. 6060] Potts, s/ F. O. Haas, s/ T. A. Bradshaw, s/ J. P. Newell, s/ G. Willing Pepper, s/ Frank H. Reichel, s/ P. Blair Lee, s/ Jay Cooke, s/ John McDowell, s/ Arthur Littleton, s/ Walter J. Beadle, Directors of The Philadelphia National Bank.

[seal.]

Attest: s/ H. W. Wallgren, Cashier.

Girard Trust Corn Exchange Bank By: s/ George H. Brown, Jr., President. s/ Geoffrey S. Smith, s/ Walter S. Franklin, s/ Wm. H. Brown, s/ Earle [fol. 6061] E. Baruch, s/ Hilding R. Krook, s/ George H. Brown, Jr., s/ George R. Clark, s/ Morris Duane, s/ Henry R. Pemberton, s/ John R. Park, s/ E. H. Smoker, s/ A. J. Greenough, s/ R. Stewart Rauch, Jr., s/ Robert L. Johnson,

s/ Charles B. Grace, s/ Theodore E. Seelye,  
s/ Graeme Lorimer, s/ Jos. M. Patterson, s/ C.  
Jared Ingersoll, s/ David E. Williams, s/ James  
E. Gowen, Directors of Girard Trust Corn Ex-  
change Bank.

[seal.]

Attest: s/ Florence Chilcott, Asst. Secretary.

[fol. 6062] STATE OF PENNSYLVANIA,  
County of Philadelphia, ss:

On this 20th day of December, 1960, before me, a Notary Public for the State and County aforesaid, personally came Frederic A. Potts, as President, and Harold W. Wallgren, as Cashier, of The Philadelphia National Bank, and each in his said capacity acknowledged the foregoing instrument to be the act and deed of said association, and the seal affixed thereto to be its seal; and came also Messrs. Richard C. Bond, Floyd T. Starr, Roy G. Rineliffe, McClure Kelley, W. D. Gillen, J. H. Ward Hinkson, Paul J. Cupp, H. T. Hallowell, Jr., Frederic A. Potts, F. O. Haas, T. A. Bradshaw, J. P. Nowell, G. Willing Pepper, Frank H. Reichel, P. Blair Lee, Jay Cooke, John McDowell, Arthur Littleton, and Walter J. Beadle, being a majority of the Board of Directors of said association, and each of them acknowledged said instrument to be the act and deed of said association, and of himself as a Director thereof.

Witness my official seal and signature this day and year aforesaid:

s/ Harold A. Fox, Notary Public. (Seal.) Phila-  
delphia, Philadelphia Co., My Commission expires  
Jan. 15, 1963.

I hereby certify that I am not an Officer or Director of the corporation for which I hereby act as Notary Public.

[fol. 6063] STATE OF PENNSYLVANIA,  
County of Philadelphia, ss:

On this 20th day of December, 1960, before me, a Notary Public for the State and County aforesaid, personally came

George H. Brown, Jr., as President, and Florence Chilcott, as Assistant Secretary, of Girard Trust Corn Exchange Bank, and each in his said capacity acknowledged the foregoing instrument to be the act and deed of Girard Trust Corn Exchange Bank, and the seal affixed thereto to be its seal; and came also Messrs. Geoffrey S. Smith, Walter S. Franklin, Wm. H. Brown, Earle E. Baruch, Hilding R. Krook, George H. Brown, Jr., George R. Clark, Morris Duane, Henry R. Pemberton, John R. Park, E. H. Smoker, A. J. Greenough, R. Stewart Rauch, Jr., Robert L. Johnson, Charles B. Grace, Theodore E. Seelye, Graeme Lorimer, Joseph M. Patterson, C. Jared Ingersoll, David E. Williams, and James E. Gowen, being a majority of the Board of Directors of said Girard Trust Corn Exchange Bank, and each of them acknowledged said instrument to be the act and deed of said Girard Trust Corn Exchange Bank, and of himself as a Director thereof.

Witness my official seal and signature this day and year aforesaid.

s/Margaret Tredick, Notary Public. (Seal.) Philadelphia, Philadelphia Co., My Commission expires Mar. 9, 1963.

I hereby certify that I am not a Director or Officer in the corporation for which I hereby act as Notary Public.

[fol. 6064] GOVERNMENT'S EXHIBIT 123

December 22, 1960.

Re: RAB:GDR 60-111-146

Mr. Robert A. Bicks,  
Assistant Attorney General  
Antitrust Division  
U. S. Department of Justice  
Washington, D. C.

DEAR MR. BICKS:

On December 16 we replied to paragraphs 1, 2, 4, 9 and 10 of your similar letters of December 9 with respect to the proposed merger of The Philadelphia National Bank and



Girard Trust Corn Exchange Bank. We now reply to the remaining paragraphs.

- #3. The areas within which are made 75% of (1) the number and (2) the dollar volume of commercial and industrial loans of each of the merging banks is as follows:

The Philadelphia National Bank

1. Number:

That portion of Pennsylvania comprising Philadelphia, Montgomery, Delaware and Bucks Counties.

2. Dollar Volume:

55% is within the foregoing four counties of Pennsylvania. By adding the following five counties the aggregate figure increases to 60%: Northampton, Lehigh, Berks, Lancaster and Chester. If the States of New Jersey and Delaware are added the aggregate figure rises to 70%. If, in addition, New York City is included, the figure rises to 76%. The percentage of dollar volume of such loans in the State of Pennsylvania outside the nine counties already mentioned is 5% and in the State of Maryland and the District of Columbia, 2%.

[fol. 6065] Girard Trust Corn Exchange Bank

1. Number:

That portion of Pennsylvania comprising Philadelphia, Montgomery and Delaware Counties and that part of New Jersey included in the bank's service area as outlined on the map attached to the application.

2. Dollar Volume:

73% is within the Third Federal Reserve District, which includes the eastern three-quarters of Pennsylvania, the southern half of New Jersey and the State of Delaware. To increase this figure to 75% requires the addition of either northern New Jersey or New York City or the State of Maryland or Western Pennsylvania.

- #5. The borrowers from each of the merging banks currently having loans outstanding of \$5,000,000 or more, and the amount of the loans outstanding to each such borrower are as follows:

The Philadelphia National Bank.

Names	\$6,960,279
Deleted	5,000,000
	5,500,000
	5,451,950
	8,000,000
	6,600,000
	5,000,000
	8,000,000
	5,115,370

[fol. 6066] Girard Trust Corn Exchange Bank

None

We suggest that the significant data are not loans currently outstanding, but rather the lines of credit granted by each of the merging banks, because a bank can be called upon at any moment to make a loan or loans to the full amount of the line of credit granted by it to a customer. The lines of credit, in an amount of \$5,000,000 or more, which are currently in effect, excluding lines not used in the past year, are as follows:

The Philadelphia National Bank

Names	\$5,500,000
Deleted	8,000,000
	6,000,000
	7,500,000
	7,350,000
	5,000,000
	7,500,000
	6,500,000
	5,000,000
	6,250,000
	5,000,000
	8,000,000
	6,500,000

[fol. 6067]

Names  
Deleted

\$8,000,000  
 7,500,000  
 6,000,000  
 8,000,000  
 8,000,000  
 5,000,000  
 7,500,000  
 6,000,000  
 2,000,000  
 3,000,000  
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 8,000,000  
 8,000,000  
 5,000,000  
 5,000,000  
 8,000,000  
 8,000,000  
 5,250,000  
 8,000,000  
 5,500,000

[fol. 6068]

Girard Trust, Corn Exchange Bank

Names  
Deleted

\$5,000,000  
 5,000,000  
 5,200,000  
 6,000,000  
 5,000,000  
 5,000,000  
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 5,500,000  
 5,500,000  
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 6,000,000  
 5,000,000

[fol. 6069]

We believe the foregoing, together with our letter of December 16, fully answer the questions raised in your letter of December 9.

Very truly yours, The Philadelphia National Bank,  
By: Frederic A. Potts, President. Girard Trust  
Corn Exchange Bank, By: Geoffrey S. Smith,  
Chairman of the Board.

[fol. 6070] GOVERNMENT'S EXHIBIT 125

Answer of The Philadelphia National Bank to Questions  
9 and 10

9. The twenty-six manufacturing enterprises with "headquarters nearer to Philadelphia than to any other major banking center"; referred to on page 9 of the Merger Application, and the amount (to the nearest thousand) and type of deposit each had on deposit with The Philadelphia National Bank on December 31, 1959 and December 31, 1960 are as follows:

	12/31/59		12/31/60	
	Demand	Time	Demand	Time
Names Deleted	\$ 1,188,000.00	—	\$ 1,173,000.00	—
	1,924,000.00	—	2,586,000.00	—
	424,000.00	—	405,000.00	—
	1,000.00	—	146,000.00	—
	2,377,000.00	—	2,812,000.00	\$1,500,000.00
	5,818,000.00	—	3,057,000.00	—
	1,530,000.00	—	933,000.00	—
	2,427,000.00	—	2,881,000.00	—
	—	—	—	—
	1,625,000.00	—	1,538,000.00	—
	1,424,000.00	—	2,523,000.00	—
	—	—	—	—
	1,736,000.00	—	1,311,000.00	—
	428,000.00	—	296,000.00	—
	102,000.00	—	92,000.00	—
	—	—	—	—
	51,000.00	—	55,000.00	—
	5,414,000.00	—	6,138,000.00	—
	7,737,000.00	—	8,431,000.00	4,000,000.00
	2,722,000.00	—	3,718,000.00	—
	1,505,000.00	—	2,421,000.00	—
	198,000.00	—	243,000.00	—
	13,940,000.00	—	13,113,000.00	—
	—	—	—	—
Totals	\$52,571,000.00	—	\$53,872,000.00	\$5,500,000.00

10. The Philadelphia National Bank does not know the amount of deposits, if any, maintained by any of the enterprises identified in the answer to question 9, as of December 31, 1959 or December 31, 1960, in any other commercial bank.

[fol. 6071]

GOVERNMENT'S EXHIBIT 126

MORGAN, LEWIS & BOCKIUS

Counselors at Law

2107 Fidelity-Philadelphia Trust Building  
Philadelphia 9, Pa.

July 16, 1953.

Re: The Philadelphia National Bank

L. A. Jennings, Esq.,  
First Deputy Comptroller of the Currency,  
Treasury Building,  
Washington 25, D. C.

DEAR MR. JENNINGS:

In accordance with our conversation with you a week ago, I have prepared and enclose herewith draft of proposed Agreement of Consolidation between *The Philadelphia National Bank* and *The First National Bank of Conshohocken*. There is nothing very intricate about it, and as a matter of fact I followed very closely the Agreement which we had with the Ninth Bank in 1951.

Mr. Potts indicated to me that he would like to submit it to his Board on Tuesday next, the 21st; wherefore, if it would be possible for you to give me an informal clearance of it before then, I should be most grateful.

Thank you for your always helpful cooperation and with warm regards, I am

Very truly yours,

Signature illegible

vbr

Enclosure

Received July 17 1953 Comptroller of The Currency



[fol. 6072] GOVERNMENT'S EXHIBIT 126-A

Lombard 3-962 Telephone

July 9, 1953.

Memorandum for The Files: —

Subject:—Philadelphia National Bank, Philadelphia, Pennsylvania

Mr. Potts, President of the subject institution, Mr. Littleton, Counsel for the bank, and Mr. Cooper, Vice President and Comptroller, called at my office this morning. Mr. Potts explained that he and his directors have finally decided to embark on an expansion program. He said that the industrial development north, west and south of Philadelphia was such that the Philadelphia National Bank had been forced to change its previous opinions regarding expansion and to embark on a program which would provide banking offices in strategically located spots so as to assure obtaining a fair share of the banking business. Mr. Potts pointed out that both The Philadelphia Company and the Girard Corn Exchange Bank were "breathing down the neck" of the Philadelphia National and this had been brought about in no small way through aggressive expansion programs.

Mr. Potts stated that an application would be filed with the Comptroller at an early date to effect a statutory consolidation between the Philadelphia National and the First National Bank of Conshohocken, Pennsylvania. All of the details have been informally agreed upon by the two banks and it is understood there will be no premium or swing in value from the shareholders of the Philadelphia National Bank to the shareholders of the First National Bank of Conshohocken. Mr. Potts said that Mr. Hersey, President of the First National Bank, had advised him of a branch application filed with the Comptroller. I told Mr. Potts that such an application had been filed but that a year or so ago we had denied a branch at approximately the same location to the Peoples National Bank of Norristown, Pennsylvania, so it was necessary to allow the Norristown bank to reactivate its application so that both applications could be considered for approval or denial at the same time. It was made clear that the Comptroller's office did not know

which bank would be favored, provided it proved possible to approve a branch at the location applied for, but that in all probability the major basis for approval would rest on which of the two banks could prove the stronger case from the standpoint of trade area. I told Mr. Potts it would be desirable to have the branch question settled before the proposed consolidation became known. Mr. Potts said that the directors of both banks expected to approve the [fol. 6073] consolidation agreement at meetings to be held on July 21, but if it was not possible for the Comptroller to act on the two branch applications prior to that date, he would be glad to delay the action. I told Mr. Potts we would keep him advised.

Mr. Potts stated that preliminary conversations were in progress relative to the acquisition of the First National Bank of Lansdale, Pennsylvania through a statutory consolidation. Mr. E. G. Lukens is President of the First National Bank of Lansdale and is said to own stock control. Apparently Mr. Lukens favors the consolidation so, in all probability, the present conversations will culminate in a request for the Comptroller's approval to the consolidation.

Mr. Potts stated that the Philadelphia National was highly desirous of obtaining a bank or banks in Bucks County, particularly one located at Bristol, Pennsylvania. However, Mr. Grundy is interested in both Bristol banks and he is completely against consolidating or selling to Philadelphia banks. It would appear that nothing will materialize in Bucks County at an early date.

It is expected that the North Philadelphia Trust Company, an institution having about \$20,000,000 of deposits, will agree to consolidate with the Philadelphia National during the coming year. This bank is located in an area which Mr. Potts considers to be underbanked, and should prove to be a highly desirable branch.

It is expected that the Philadelphia National Bank will forward to us a copy of a proposed consolidation agreement prior to July 21, so that tentative approval may be given before action is taken by the directors. When this agreement is received, it should be determined whether or not we have acted on the two branch applications mentioned earlier in this memorandum and if such action is to be delayed, we should communicate with Mr. Potts so that he

may delay action on the consolidation agreement to a date subsequent to July 21.

/s/ L. A. Jennings, Deputy Comptroller of the Currency.  
LAJ:eve

[fol. 6074] GOVERNMENT'S EXHIBIT 127

Summary of Findings and Conclusions

Survey of Branch Banking in the Philadelphia Area 1946-57

A study for a committee of participating banks in Bucks, Delaware, Montgomery and Philadelphia counties, Pennsylvania.

Prepared under the direction of Dr. E. Gordon Keith, of the University of Pennsylvania, by the following staff of consultants: Dr. Edward S. Herman of Pennsylvania State University, Dr. Nathaniel Jackendoff of Temple University, Dr. John P. Lutz of the University of Pennsylvania, and Dr. Karl Scholz of the University of Pennsylvania.

[fol. 6075] Survey of Branch Banking in the Philadelphia Area 1946-1957

Summary of Findings and Conclusions

I

The Recent Branch Banking and Merger Movement

Since the end of the Second World War, significant changes have taken place in the banking structure serving the city of Philadelphia and its adjoining counties. As of June 30, 1957, there were in this area only about half as many banks as there had been at the end of 1947, although there were nearly twice as many banking offices. This reduction in the number of independent banks was the result of a wave of commercial bank mergers, which reached its peak in 1955. During this period, some 51 banks either merged with or were absorbed by other institutions, while only one new bank was opened, in the four counties.

But at the same time the commercial and mutual savings banks in the area were opening up some 96 new branches, of which 89 have been opened since 1950.

Prior to 1955, branch banking in the Philadelphia area was almost exclusively a home-county operation. Only two of the commercial banks and only one of the mutual savings banks with head offices in Philadelphia had acquired branches outside the city up to that time. Between January 1, 1955 and June 30, 1957, however, five of the large Philadelphia commercial banks had raised the number of their cross-county branches from three to forty, and three of the city's mutual savings banks had increased the number of their suburban county offices from one to seven. All but one of the new commercial banking offices were acquired as the result of mergers, while all of the new savings bank offices were new establishments.

These post-war banking developments have not been confined to the Philadelphia area. Similar changes in the banking structure have been taking place in other parts of the country, and apparently for much the same reasons. One general factor behind recent branch banking activity has been the need for additional banking facilities. Following the banking crisis of the early thirties, the commercial banks of this country went through a protracted period of consolidation and readjustment. After falling sharply from 22,172 to 14,450 between 1930 and 1933, the number of commercial banks continued to fall slowly to a figure [fol. 6076] of 14,121 at the end of 1950. Meanwhile, the number of commercial banking offices, which had dropped from 25,694 to 17,236 during the first three years of the great depression, was back to only 18,842 by the end of 1950. Between 1940 and 1950, the rate at which additions were being made to the country's banking offices was considerably less than the rate at which either the population or the income of the nation was growing, but between 1950 and 1955, the additions of some 1,800 new offices helped to meet the need for more banking facilities.

The need for additional banking offices was met to some extent by the establishment of new banks; but branch banks appear to have had a natural competitive advantage in establishing new facilities in areas of growth, consequently, de novo branches have made their appearance more often

in new suburban housing developments, shopping centers and industrial parks than have de novo banks.

The need for more conveniently located banking offices has been accentuated since the war by the growing importance of consumer loans to the commercial banks, and by their increasing interest in small deposit accounts. Competition among the banks for demand deposits, as well as competition between commercial banks and other savings institutions for savings accounts has been an important factor behind the drive to put banking offices in new residential and commercial developments outside of Philadelphia. Moreover, the fact that the fastest growing markets or banking services are found in the suburbs explains why so many city banks have been interested in acquiring suburban branches.

The desire on the part of the large Philadelphia banks to gain a foothold in the fast growing communities in the contiguous Pennsylvania counties has also been a factor behind many of the recent bank mergers. Aside from the legal obstacles that they have encountered in attempting to establish de novo branches outside the city, these banks have generally preferred to acquire their new cross-county branches by absorbing local banks with established trade connections and loyal customers. In addition, the fact that these country banks usually have lower loan ratios than do the city banks has meant that these acquisitions have also tended to reduce the recent pressure on the reserves of the city institutions.

On the other hand, many of the banks absorbed in recent mergers appear to have sought this action as a method of solving one or more of their own internal problems. As a result of rising prices and the rapid growth of many small business enterprises since the last war, some small banks have been under pressure to increase their capital and surplus in order to increase their loan limits. Others have been faced with demands for a wider range of banking services, while still others have been plagued by rising costs which they were unable to meet by the use of labor saving machinery. Finally, some banks found in mergers with larger and more progressive institutions an answer to their problems of management succession.

It would appear, therefore, that the motivations behind



the recent branch banking and merger movement in the [fol. 6077] Philadelphia area have been predominantly economic, although the desire for bigness for its own sake is believed by some to have been of some importance.

Branch banking in the Philadelphia area, whether practiced by national banks or by state-chartered institutions has naturally had to conform to the pattern set by the state banking code. The relaxation, in 1935 and 1937, of the previous severe limitations on cross-county branch banking has, therefore, been a contributing factor to the recent movement of the Philadelphia banks into the contiguous counties. Although the present statute has made it difficult for them to establish *de novo* branches outside the city, it has placed no serious barrier in the way of their acquiring cross-county branches through mergers or absorptions.

Despite the wave of mergers which has swept over the Philadelphia area since 1950, it does not appear likely that the merger movement will sweep into the ranks of the absorbed banks any very high percentage of the remaining independent banks in the counties adjoining the city of Philadelphia. As the number of banks eligible for absorption becomes smaller, those that remain are likely to be difficult to acquire on terms attractive to the stockholders of the would-be absorbing bank. Many of the remaining independent banks appear to be quite able to compete effectively in their own markets with the larger Philadelphia banks, and they would seem to have little to gain by merger with a city institution. While the merger movement seems to be slowing down of its own accord in the counties outside of Philadelphia, it can hardly proceed much further within the city without encountering the opposition of those federal authorities which are responsible for the preservation of effective competition in commercial banking.

Both federal and state banking authorities appear to be aware of the dangers of over-banking, but the possibility of an over-expansion of branch facilities cannot be wholly discounted. Even though a slow down in the establishment of *de novo* branches would seem to be called for, this might be hard to achieve unless some general accord could be reached by the banks on this policy.

## II

## Changes in the Commercial Banking Structure

At the end of 1947, there were 30 insured commercial banks with head offices in the city of Philadelphia, 19 of which were operating branches. Of the 63 branches being operated at that time by these banks, however, only three were located outside of Philadelphia. By mid-1956, there were only 16 insured commercial banks with head offices in the city. These banks were operating a total of 125 branches of which 28 were located in the three adjoining counties. The 20 banks which were eliminated by absorption during this period were, with a few exceptions, small or medium-size institutions. As a result, there was a substantial increase in the concentration of bank assets within [fol. 6078] the city of Philadelphia. Whereas, at the close of 1947, the four largest banks in the city had accounted for 57 percent of that city's banking assets, by mid-1956, this ratio had risen to 73 percent.

During the period between December 31, 1947 and June 30, 1956, the number of banking offices in the city of Philadelphia increased at a considerably faster rate than did the city's population. As a result the average population per banking office fell from 20,930 to 18,466, or by 8 percent, during this period. Deposits attributed to all of the city offices of insured commercial banks with head offices in the city rose from \$3.0 billion to \$3.5 billion, or by 16 percent, during these years. Over the same period, the deposits of the contiguous county branches of these banks increased from \$29 million to \$224 million, or by 676 percent.

At the close of 1947, there were 69 commercial banks with head offices in Bucks, Delaware and Montgomery counties, only four of which had branch offices, and only one of which had more than a single branch. By mid-1956, the number of independent banks in these three counties had fallen to 39, but 18 of these remaining banks operated some 47 branch offices. Of the 31 independent banks which were eliminated by absorption during this period, 14 were merged into other home-county banks, and 17 into Philadelphia banks. The rate of attrition among the in-

dependent banks was greatest in Delaware County where their numbers were reduced from 15 to 2.

Although the total number of commercial banking offices located in these three counties rose from 77 to 114, or by about 50 percent, during this period a 42 percent increase in the population kept the average population per commercial banking office from falling by more than 6 percent. Despite this rapid growth in population, and the establishment of many new communities and shopping centers in these counties, only one new bank was chartered during these years. As was the case in the city of Philadelphia, the wave of bank mergers eliminated a large number of small banks between the end of 1947 and mid-1956. During this period, the number of banks with deposits of less than \$10 million in the three contiguous counties was reduced from 56 to 22. On the other hand, there was no change in the number of banks with deposits between \$10 million and \$19.9 million during these years, while the number of banks with deposits of \$20 million or more rose from three to seven. Of the 114 commercial banking offices being operated in these three counties in mid-1956, 28 were branches of Philadelphia banks, and 86 were home-county branches.

### III

#### Changes in the Structure and Operations of Other Financial Institutions

##### A. Mutual Savings Banks

At the close of 1947, there were four mutual savings banks in Philadelphia, and none in the contiguous Pennsylvania counties. These four Philadelphia banks had, however, combined assets of over a billion dollars, and they [fol. 6079] had behind them over 100 years of successful operation as savings institutions. Dedicated to the promotion of thrift among the low and middle income classes, these four banks had, in addition to their head offices, some 16 branches scattered mainly in the residential sections of the city, where they were in competition with local commercial banks and with savings and loan associations. In 1947, 60 per cent of the assets of these banks were in the form of

government securities, while another 29 percent comprised other bonds and notes. At this time, only 6 percent of their assets took the form of loans.

During the early postwar years, the Philadelphia savings banks grew rather slowly. With most of their funds invested in federal securities, the three largest banks were paying only  $1\frac{1}{2}$  per cent on their deposits in 1950, and the fourth bank was paying only 2 percent. Between the end of 1947 and the middle of 1950, the deposits of the four banks increased in the aggregate by only 3 percent, and the number of deposit accounts rose by only 4 percent. After 1950, however, these banks made more rapid strides. Between the end of 1950 and the middle of 1956, their government security holdings dropped from 43 percent to 17 percent of their total assets, while their loans (mostly on real estate) rose from 13.5 percent to 42 percent. This sharp change in the composition of their assets had a favorable effect on their earnings, with the result that all four banks were paying  $2\frac{3}{4}$  percent on their deposits by mid-1956.

Between December 31, 1950 and June 30, 1956, the Philadelphia savings banks opened 15 new branch offices, several of which were located outside the city. Over the same period of time, both deposits and the number of accounts in these banks rose sharply over their 1950 levels. By mid-1956, deposits had risen by \$400 million, or by 43 percent, while the number of accounts had increased by 200 thousand, or by 17 percent.

### B. Savings and Loan Associations

As of December 31, 1946, there were 476 savings and loan associations with combined assets of \$323 million operating in the Philadelphia area. Some 365 of these associations, with total assets of \$237 million were located within the city of Philadelphia itself, and another 111 associations, with combined assets of \$87 million, were doing business in the three adjacent Pennsylvania counties. Since 1926, when there had been 3,428 savings and loan associations, with assets of \$734 million, operating within the city of Philadelphia alone, the city's savings and loan industry had passed through a period of crisis and consolidation, from which it had not fully recovered by the



end of the last war. While there were only half as many of these associations doing business in Delaware, Bucks, and Montgomery counties, in 1946, as there had been twenty years earlier, the 111 associations with offices in these three counties at the end of the war claimed 10 percent more assets than had the 225 associations which had been operating there in 1926.

[fol. 6080] At the close of 1946, nearly 90 percent of the associations in all four counties in the Philadelphia area were operating under state charters, although the 50 federal associations accounted for over 50 percent of all savings and loan assets in the area. These federal associations, together with 48 insured state chartered associations, accounted for nearly 75 percent of these assets.

Between the close of 1946 and the end of 1955, mergers, consolidations and liquidations reduced the number of savings and loan associations in the Philadelphia area from 476 to 432, but the combined assets of all the associations rose from \$323 million to \$1,001 million, or by 310 percent. The increase in total assets was most pronounced in Bucks and Montgomery counties, where gains of 363 and 340 percent respectively were registered, and they were smallest in Delaware County, where the percentage increase was 261 percent. In all four counties, the largest gains were reported by federal associations, with the uninsured state chartered associations lagging considerably behind the insured state chartered ones. The more rapid rate of growth of the federal associations was, of course, due in part to a considerable number of conversions of state associations into federal ones. But even after allowance is made for these shifts, it is clear that the federals were out-pacing the non-federals despite the fact that they typically paid a lower rate of return to their shareholders.

Both federal and state-chartered savings and loan associations doing business in Pennsylvania may establish branches in the same county, or in a contiguous county to the one in which their principal place of business is located. In actual practice, however, few such branches have been established in the Philadelphia area. At the end of November 1956, only four of the 61 federal savings and loan associations operating in this area had opened branches, and only three of the 371 state-chartered associations had



done so. All but one of these were, moreover, Philadelphia institutions. At that time, these associations had a total of 10 branch offices, of which three were located outside the city.

The rapid growth of savings and loan associations in the Philadelphia area since the end of the last war has been attributed to a number of factors. Although these associations have usually been able to offer their customers a higher rate of return on their savings than have the commercial banks and mutual savings banks, they attribute their growth more to their convenient office locations and to improved management than to higher interest rates. It is also significant that the associations which have grown most rapidly have been the ones able to offer their shareholders the security afforded by share insurance.

### C. Consumer Small Loan Companies

Consumer small loan companies, operating under the Pennsylvania Small Loan Act of 1915, make cash loans to individual borrowers in amounts not exceeding \$600. Between July 1946 and September 1956, the number of small loan licensees in the Philadelphia area rose from 149 to [fol. 6081] 271, or by 82 percent. The number of licensees in Philadelphia proper rose from 120 to 180, or by 50 percent, during this period, while the number in the three adjoining counties increased from 29 to 91, or by over 200 percent.

Although data relating to the assets and accounts of these companies are available only on a state-wide basis for this period, it has been estimated that the total assets of the companies operating in the Philadelphia area rose from \$24 million to \$83 million between the end of 1946 and the close of 1955, and that the number of small loan accounts of these companies increased from 212 thousand to 356 thousand. These estimates indicate a possible doubling of the average dollar assets for individual licensees during this period, despite a slight apparent decline in the average number of loan accounts per licensee.

An important development among the licensed lenders doing business in the Philadelphia area, since the end of the last war, has been the expansion of multiple office companies. Of the total number of licensees in the area, in

1956, 11 were multiple-unit licensee companies, each with six or more branch offices. These 11 small loan companies had 131 offices scattered throughout the Philadelphia area at that time, which was 75 more than they had had ten years earlier.

#### D. Credit Unions

Still another type of financial institution which has been competing with the commercial banks, the mutual savings banks and the savings and loan associations for savings accounts is the credit union. Although these organizations have been growing rapidly in numbers and in size, since 1945, the volume of business which they conduct in the Philadelphia area is still very small in comparison with that being done by their major competitors.

As of December 31, 1945, there were 134 credit unions operating in the area, of which 109 were located within the city of Philadelphia. By December 31, 1956, the number of credit unions in this area had risen to 215, of which 173 were Philadelphia institutions and 42 were located in the adjacent counties. Of these 215 credit unions, 192 were operating under federal charters, and only 23 were doing business under state charters. As of the end of the year 1955, the 203 credit unions then operating in this area reported total assets of \$43 million, of which \$37 million was accounted for by the 163 institutions located in Philadelphia proper. Excluding the two largest Philadelphia credit unions, which had combined assets of over \$10 million, in 1955, the credit unions located within the city had on the average less than \$200 thousand of assets, while the credit unions located in the other three counties had on the average of only \$133 thousand. The combined assets of all of the Philadelphia credit unions in 1955 represented less than 6 percent of the assets of the city's savings and loan associations. In the outlying counties, this ratio was even smaller.

#### IV

#### [fol. 6082] The Effects of Recent Branch Banking and Merger Activity

Recent branch banking and merger activity in the Philadelphia area has, of course, had a marked effect on the banking structure of Philadelphia and its three neighbor-

ing Pennsylvania counties. The fact that today there are many fewer banks in the area than there were at the close of World War II suggests the possibility of lessened banking competition within the area, and a narrower range of choice for many persons residing or doing business in it. On the other hand, the fact that many weak and slow moving banking institutions have been merged into stronger and more progressive units suggests the opposite possibility of increased competition among banks capable of providing a wide range and a high quality of banking services at relatively low costs. Furthermore, recent branch banking activity, whether it has taken the form of mergers or of de novo branch establishments, has been an important factor in breaking down traditional boundaries between local isolated markets. In this connection, particular significance must be attached to the conversion of some of the independent community banks in the counties adjoining Philadelphia into branches of some of that city's banking institutions. This has resulted in a kind of mixed banking system which may well be superior to one comprised exclusively of country banks or of city branches.

After taking into account the extent to which competition within this area was previously limited, and the extent to which cross-county and intercommunity mergers have made it possible for both city and country banks to establish offices in markets to which they formerly had only limited access, the conclusion seems inescapable that competition among the banks in this area is considerably keener today than it was ten years ago. On the other hand, if the merger movement were to continue to reduce the number of competing units in the city of Philadelphia, and in some of the larger communities in the outside counties, competition could be significantly lessened in these places.

Beyond these general observations regarding the effects of the recent branch banking and merger movement on the competitive behavior of the commercial banks in the Philadelphia area, it is important to note the specific forms of competition that have been employed and avoided during this period. For example, price cutting, as a form of competition appears to have been pretty generally avoided, at least as regards rates charged on business loans. On the other hand, there appears to have been some price compe-

tition in interest rates paid on time deposits, and in service charges. The Philadelphia banks, as they have moved into the contiguous counties, have usually put into effect in their newly acquired branches the higher interest rates on savings accounts and the higher schedules of service charges that were already in effect in their city offices. In these cases, however, the objective appears to have been uniformity in branch practices rather than an increase in savings accounts or higher profits on ordinary deposit accounts. Both city and country banks have tried to attract new [fol. 6083] customers by improving their quarters, offering better parking facilities, and offering new and better services.

The recent branch banking and merger movement has not only sharpened competition between city and country banks, it has also upset the competitive relationships among the large city banks. Once a Philadelphia bank has established or acquired an office in one or more of the growing communities in the contiguous counties, competition has forced others to follow, especially if they have had important business accounts in those areas. Since the number of independent local banks in these outside communities is usually small, and since their bargaining position tends to become stronger the fewer such banks there are left, this type of a competitive situation has resulted in some very high premiums being paid to the stockholders of the acquired banks, a development which could have weakened the capital structure of the acquiring bank.

On the other hand, the competitive response of country banks to the actual or threatened entry of Philadelphia banks into their local markets has sometimes been to pre-empt for their own use attractive banking sites within these markets as a way of discouraging further entry by outsiders. Branch banking activity of this type can, of course, also be overdone and result in overbanking and the over-extension of individual banks. There is no evidence that the point of market saturation has yet been reached in these outside counties, although some branches recently established in those counties appear to have been somewhat slower in reaching their breakeven points than they were expected to be. In the absence of more details con-

cerning branch income and costs, it is impossible to reach any very clear-cut conclusion on this point.

The branch banking and merger movement, by extending the market areas of the larger and more progressive banks, both within the city and outside, has tended to broaden the range and improve the quality of banking services offered in many parts of the four-county area. Trust and investment advisory services, consumer discount loans, term loans and special checking accounts are among the innovations most frequently mentioned as following both home-county and cross-county mergers. On the other hand, the effects which the merger movement has had on the availability of bank credit for business borrowers is not entirely clear. There is evidence that the volume of business loans has usually risen following a merger, although peculiarities in internal accounting procedures have made it difficult to assess the significance of these changes. Bank mergers have, of course, raised the loan limits of both the acquired and the acquiring bank, with the former usually being benefited the most. This has meant that businesses which could not have been accommodated at local banks before their absorption by a city institution can be taken care of after the merger. But the number of such businesses does not appear to have been very large, which suggests that the desire for higher loan limits has not been as important a factor in promoting cross-county mergers as it has been in promoting mid-city ones.

Bank mergers in which neighborhood or community banks have been absorbed do not as a rule appear to have resulted [fol. 6084] in a significant reduction in local lending authority. Although the range of lending authority given to branch managers varies considerably from bank to bank, and with different types of loans, it appears to have been sufficient to accommodate most borrowers. While the authority to make loans remains for the most part with the local managers, business borrowers from local branches of the Philadelphia banks sometimes have found that they have to meet more rigorous financial requirements in order to secure loans, than they did before the merger. There have also been instances where it took branch offices much longer to process loans than it took independent local banks. In general, there appears to be a strong



awareness on the part of these banks of the need for continuing identification of the acquired branch with the community in which it is located.

The branch banking and merger movement does not appear to have made any very substantial contribution to the reduction of banking costs in the Philadelphia area. The desire to reduce expenses has been infrequently mentioned as a motivating factor behind recent mergers, and the economies that have been cited following these mergers have been quite modest. But in view of the limited time that has elapsed since most of these mergers were effected, it is probably too soon to reach a final conclusion on this point.

## V

### Regulatory Policy (Commercial Banks)

Entry into the commercial banking business has undergone a significant transformation since 1948. To a very considerable extent, in recent years, branch banks have taken over the function of providing new banking facilities; and the number of new banks that have been established have fallen far short of making good the reduction in the number of independent banking units resulting from mergers and consolidations. From the record of recent changes in the banking structure of Philadelphia and its adjoining counties, it is clear that this national pattern has been closely followed here.

The branch bank appears to possess certain inherent advantages in the provision of new banking facilities. It brings the resources, the trained personnel and the established name of its parent into the community in which it is located. Moreover, existing banks that are branch-conscious are usually better equipped to find and assess the growth potential of promising branch locations long before they would be likely to come to the attention of independent promoters.

The recent decline in the number of independent unit banks as a result of mergers and consolidations also suggests that modern banking is a business in which size counts. In this age of specialization, the one-man bank

is at a disadvantage in communities of any size. Many community banks have, therefore, had to expand their own businesses to the point where they can afford to hire skilled [fol. 6085] personnel and cost-saving machinery, or have had to merge with, or be absorbed by, another bank. The record would appear to indicate that the latter has been the easier course for most banks, although there have, of course, been important exceptions.

Entry into banking has long been regulated in the public interest. There are, of course, certain legal requirements that have to be met before a group of persons can hope to start a new bank; but the final decision always rests with the state or federal banking authorities and is made only after consideration has been given to the proposed bank's prospective earning power, the character of its management, and the convenience and needs of the community to be served by it. Some attention appears also to have been given to the effect which the new bank might have on the business of existing institutions in the community, and to their rights to remain undisturbed by a new competition.

The establishment of a de novo branch and the acquisition by merger of a converted branch are, of course, also forms of entry over which the banking authorities exercise varying degrees of control. The application for a de novo branch is treated in much the same way as the application for a de novo bank, with the Comptroller of the Currency or the Secretary of Banking having the right to appraise the need for the proposed branch. Although it is said that the application for a de novo bank is ordinarily given preference over the application for a de novo branch, there are grounds for believing that, consciously or unconsciously, the examiners tend to favor the latter.

In Pennsylvania, applications of state banks for branches in contiguous counties, if approved by the Secretary, also have to be passed on by the Banking Board. Moreover, before the Secretary's approval can be given, other state banks in the county where it is proposed to locate the branch must be notified and the application may be disapproved if any of these banks advise the Banking Department of their intention to establish a branch in the same city. In this way home-county branch banking is given a

clear preference over cross-county branching, but this preference does not bind the federal authorities or give any special rights to home-county national banks.

In dealing with applications for mergers, the federal authorities have recently begun to pay some attention to the effects of intra-community mergers on competition, but they do not appear to have been concerned about the effects of inter-community and inter-county mergers. The state authorities, on the other hand, have taken the position that they should disapprove inter-community mergers that would "unbalance the competitive situation" in the community of the absorbed bank, although no attempt has yet been made to apply this principle to proposed cross-county mergers in the Philadelphia area.

The major policy issues that have arisen as a result of the recent branch banking and merger movement have been concerned with the criteria for regulating the entry of de novo branches and the merger of pre-existing institutions, especially when cross-county branch banking has been involved. There are, unfortunately, no clear cut and objective criteria for determining when it would be [fol. 6086] desirable and when undesirable to permit a bank to establish a de novo branch, or absorb an independent bank, in another community or county. Unless there is a desire to return to blanket prohibitions, reliance must, therefore, be placed on qualitative judgments and more or less arbitrary rules of thumb regarding the need for a new or better banking facilities and regarding the dangers of too little or too much competition.

The prohibition of any further cross-county branches would offer some advantages. Further reductions in the number of independent home-county banks in the contiguous counties would be less likely to occur. The remaining country banks would be protected against a "chipping away" of their markets by de novo branches of city banks. Finally a freeze on cross-county branch banking would provide a simple rule which would be applicable alike to state and federal institutions. The adoption of such an inflexible rule would on the other hand, close the door on some opportunities for rationalization through cross-county mergers, deprive some communities in the outside counties of adequate banking facilities and it might sub-

stantially lessen competition within certain communities or districts.

An alternative to complete prohibition of cross-county branch banking would be the prohibition of any further cross-county de novo branches. This would afford the country banks considerable protection against over-banking while leaving the way open for the city banks to buy their way into the outside counties whenever such a step was in the interest of both parties. On the other hand, in communities where local banks were unwilling or unable to provide adequate banking facilities, and were also unwilling to be absorbed by more progressive institutions, a prohibition against cross-county de novo branches could result in underbanking. Furthermore, such a prohibition, by placing an additional premium on the immediate acquisition of country banks, might well accelerate the movement of the Philadelphia banks into the contiguous counties and destroy the opportunity to develop a more balanced mixed system of country and city banks.

Since neither the complete nor the partial prohibitions of further cross-county branch banking offer an entirely satisfactory answer to the problem of regulating the entry of the Philadelphia banks into the contiguous Pennsylvania counties, it is perhaps in order to consider the kind of ground rules which might be adopted to improve the present more flexible approach to this problem, and provide a banking system that would be safe, efficient, progressive, competitive, and reasonably responsive to local interests.

With these general objectives in mind, it is suggested, first, that de novo banks might be given a somewhat greater priority in the establishment of new banking facilities as a means of maintaining a mixed system of branch groups and independents and of securing an adequate diffusion of economic power.

Second, in the interests of efficiency and progressiveness, local banks should be permitted reasonable growth through the establishment of branches within local and familiar markets, and, in seeking to accomplish this end, they should [fol. 6087] be given certain priorities over outside banks seeking to enter these markets. On the other hand, it should be understood that such priorities should not be

used to keep competing banks out of local markets capable of supporting more than a single bank.

Third, outside institutions should not be discriminated against where they seek entry to local markets with inadequate banking facilities, and where their entry will not jeopardize existing local institutions. The rights of outside institutions to protect their interests in local markets against the competition of other outside institutions should be recognized, but not to the point of permitting an excessive number of de novo branches to be established.

Fourth, outside banks should be discouraged from paying excessive premiums as a means of effecting mergers with local institutions.

Fifth, intra-community mergers should generally be discouraged in those cases where a further reduction in the number of competing units would seriously lessen competition without significantly increasing efficiency. The power to authorize outside banks to establish de novo branches in such communities might be used effectively by the banking authorities in such cases.

## VI

### Regulatory Policy

#### (Mutual Savings Banks and Other Financial Institutions)

The Philadelphia mutual savings banks have also been involved in the issue of cross-county branch banking. The entry of these institutions into the three counties adjoining that city has been a rather recent development. It was not until 1953 that the Western Saving Fund was finally permitted to open a branch office in Upper Darby, and it was not until 1955 that the savings banks clearly established their rights to establish branches in suburban communities already being served by commercial banks. Since then, a total of six additional branch offices have been opened by the savings banks outside the city.

Prior to 1955, the applications of the mutual savings banks for cross-county branches had, with one exception, been disapproved by the Banking Board on the grounds that there was no need for the services which these banks proposed to supply. The fact that local commercial banks ac-



cepted time deposits and made real estate loans was taken as evidence of the adequacy of existing savings and mortgage loan facilities in the communities where the savings banks proposed to establish new offices. In that year, however, the State Supreme Court reversed on appeal the action taken by the Banking Board in turning down an application of the Philadelphia Saving Fund for a branch in Ardmore. In its decision, the court took the position that there might well be qualitative differences in the comparable services offered by commercial banks, on the one hand, and mutual savings banks on the other, and that the absence of need for savings bank facilities could not be presumed [fol. 6088] from the mere presence in a community of commercial banks which offered comparable services.

In supporting their case for cross-county branches, the mutual savings banks have contended that it is sound management policy for them to follow recent population trends and to adapt their operations to new patterns of consumer behavior, pointing out that many of their potential customers have joined in the "trek" to the suburbs, and that their center-city offices are no longer convenient depositories for most suburban residents. The savings banks argue further that their branch offices in the contiguous counties give the residents of those areas access to services which do differ significantly from those offered by local commercial banks and savings and loan associations. Finally, they cite the traditional role which savings banks have played in the promotion of thrift, and point to the importance of encouraging saving in a high-investment full employment economy.

The case against cross-county branches for mutual savings banks rests primarily on the fear that such branches would drain savings out of local commercial banks, and thereby jeopardize their continued existence. Attention is called to the fact that country banks are usually more dependent upon time deposits as a source of loanable funds than are city banks, and that the loss of any significant part of these accounts would force a curtailment in their mortgage loans to the detriment of their earnings. It is also contended that the location of branch offices of savings banks in the outside counties would drain needed funds out of these areas, the point being made that a high per-

centage of the loans made by the Philadelphia savings banks are placed outside the Philadelphia market.

There would appear to be some merit in the arguments advanced on both sides of this controversy. Again, what would seem to be needed is a set of ground rules under which a flexible statute might be satisfactorily administered by state banking authorities in full possession of the facts relating to each individual application. The case of the savings banks for cross-county branches would appear to be strongest in communities within the suburban fringe which are growing fast enough to be able to support additional banking facilities, and in more stable communities within this area where the needs of small savers and home owners are clearly not being adequately served by local commercial banking institutions. On the other hand, their case would appear to be weakest in seeking entry into the more self-contained and stable communities in those sections of the contiguous counties that have been less affected by recent population movements, and where the establishment of a branch office of a Philadelphia savings bank might weaken or destroy existing commercial banks.

The statutes governing the entry of savings and loan associations in the Philadelphia area, whether in the form of de novo associations or of de novo branches, require a demonstration of need before additional facilities are approved. Although it appears to be easier to start a new savings and loan association than it is to start a new commercial bank or mutual savings bank, it is to be observed that few such associations have been started in this area since the last war. Furthermore, it appears that most [fol. 6089] savings and loan associations have a close attachment to a particular community or neighborhood, and that few of them have shown any interest in operating branches outside of their own familiar markets. If more of the large city associations should desire to extend their operations by opening branches outside the city, there would appear to be no reason why this should be prohibited; but it would be desirable to work out rules which would protect the rights of local associations and local banks and prevent overbanking in the communities where it was proposed to establish new branch offices. Furthermore, policies with respect to the treatment of such applications should

be coordinated with those being applied in connection with similar applications by commercial and mutual savings banks.

In the case of both small loan companies and credit unions, the problem of regulating entry does not appear to be a particularly serious one at this time.

Philadelphia, 1957

[fol. 6090] GOVERNMENT'S EXHIBIT 128

Chartered 1836

GIRARD TRUST CORN EXCHANGE BANK  
Philadelphia<sup>2</sup>, Pa.

Excerpt from the Minutes of a Regular Meeting of the Board of Directors of Girard Trust Corn Exchange Bank Held on November 15, 1960:

"The President reported to the Board that preliminary negotiations, which he described, had been held between representatives of The Philadelphia National Bank and Girard Trust Corn Exchange Bank to consider the possibility of a merger of the two banks. He stated that the senior officers of the two banks are in agreement as to the desirability of uniting for the reasons which he presented in detail. He proposed a program, the fundamentals of which are that the new institution will be a national bank named Philadelphia Girard National Bank and Trust Company; that the shareholders of The Philadelphia National will retain the number of shares presently held and shareholders of Girard will receive 1.2875 shares in the merged bank for each share of Girard stock presently held; and that the principal officers of the new bank will be:

Frederic A. Potts, Chairman and chief executive officer  
George H. Brown, Jr., President and chief administrative officer

Geoffrey S. Smith, Vice Chairman and Chairman of the Executive Committee of the Board

John McDowell, Executive Vice President

George R. Clark, Vice Chairman

"On motion duly made, seconded and unanimously carried, it was Resolved, That this Board approves the proposed program and directs the President, and such other officers as he may designate, to prepare with representatives of The Philadelphia National Bank, a final agreement of merger for consideration and approval by the Boards of the two Banks, prior to its submission to shareholders, and to make all necessary applications to regulatory authorities."

I Hereby Certify that the foregoing is a correct excerpt from the minutes of the above captioned meeting, and that it is still in full force and effect.

Girard Trust Corn Exchange Bank, H. R. Watson,  
Assistant Treasurer.

Philadelphia, December 13, 1960.

[fol. 6091]      GOVERNMENT'S EXHIBIT 129

Excerpt of Minutes and Resolutions Adopted by the Board of Directors of Girard Trust Corn Exchange Bank, December 20, 1960.

The President reported to the Board that pursuant to the resolution adopted November 15, 1960, directing the preparation of an agreement to combine this bank and The Philadelphia National Bank and the making of all necessary applications to regulatory authorities, an application requesting approval of the Comptroller of the Currency had been filed. He presented to each director present a form of agreement and reviewed its salient points. After discussion, upon motion duly made, seconded and unanimously carried it was

Resolved, That the Agreement of Consolidation between this bank and The Philadelphia National Bank and the accompanying Articles of Association and Bylaws here hereby approved in the form presented

to this meeting and the appropriate officers are authorized and directed to execute and deliver the same in that form or with such changes therein not inconsistent with the tenor thereof as the President may approve; and further

Resolved, That the proper officers of this bank are hereby authorized and directed to take any and all such action as they shall deem necessary or desirable to carry out the provisions of the foregoing Agreement of Consolidation.

[fol. 6092] To: Messrs. E. C. Archer, G. M. Dorrance, Jr., R. H. Potts, A. Rafetto, E. B. Ridgway, Jr., S. Stidham. Make speed copies.  
No signature of E.L.W. necessary.

November 22, 1960.

From: E. L. Worstall

Attached is a list of mutual accounts maintained with Girard-Corn and PNB. The N indicates Our Balances; the S indicates Theirs.

Will you kindly review this quickly and take from it the names that fall into your Division. It would seem the part of good judgment now for us to contact the customers who have mutual relations in an effort to retain all balances in the merged institution. There is no doubt that our competitors will make every effort to obtain deposits from our mutual customers.

In cases where our customers feel they should like to make a new connection, please be sure to use the argument that, they should defer taking any action until the merger is definitely approved.

Worstall.



[fol. 6093]

## GOVERNMENT'S EXHIBIT 133

## Lines and Outstandings to Finance Companies

June 30, 1960

## 1. Consumer Finance:

Independent Sales Finance Companies	Outstandings	Rate* Relation to Prime	Line	Date Last Action
Names Deleted	\$ 1,000,000	prime	\$ 1,000,000	1/22/60
	1,000,000	prime	6,000,000	3/11/60
	1,000,000	prime	1,000,000	3/11/60
	3,000,000	prime	7,500,000	3/11/60
	925,000	+1	925,000	3/25/60(a)
	-0-	prime	8,000,000	2/26/60
	300,000	+1/2	300,000	2/ 9/60
	-0-	+1/2	750,000	3/ 4/60
	250,000	+1	250,000	1/ 5/60
	1,250,000	+1/2	1,250,000	3/25/60
	500,000	prime	2,000,000	3/18/60
	300,000	+1/2	300,000	2/16/60
	-0-	prime	1,000,000	11/27/59
	1,200,000	prime	1,200,000	4/ 1/60
<b>Total Independent Sales Finance Companies</b>	<b>\$10,725,000</b>		<b>\$31,475,000</b>	
<b>Captive Sales Finance Companies</b>				
Names Deleted	\$ 2,000,000	prime	\$ 2,000,000	3/18/60
	1,250,000	prime	1,500,000	4/22/60
	2,500,000	+1/2	2,500,000	2/19/60
	1,000,000	prime	1,000,000	3/11/60
	2,500,000	prime	4,000,000	12/18/59
	-0-	prime	3,000,000	2/11/60
	257,368	(h)	2,000,000	6/19/59(b)
	-0-	+1/2	2,000,000	4/14/60(c)
	2,000,000	prime	2,000,000	5/13/60
	1,500,000	prime	1,500,000	3/11/60
	2,000,000	prime	2,000,000	12/18/59
	500,000	prime	500,000	12/18/59(d)
	2,000,000	prime	8,000,000	4/22/60(e)
	1,720,000	(f)	3,000,000	9/ 5/58(f)
	600,000	+1/2	750,000	6/ 5/59
	300,000	prime	500,000	12/18/59
<b>Total Captive Sales Finance Companies</b>	<b>\$20,127,368</b>		<b>\$36,250,000</b>	
<b>Total Sales Finance Companies</b>	<b>\$30,852,368</b>		<b>\$67,725,000</b>	
<b>Small Loan Companies</b>				
Names Deleted	\$ -0-	prime	\$ 250,000	1/12/60
	1,450,000	prime	1,650,000	3/ 4/60
	70,000	+1	75,000	3/17/60
	-0-	prime	1,250,000	4/ 8/60
	-0-	prime	750,000	12/ 4/59
	250,000	+1/2	250,000	10/13/59
	200,000	+3/4	200,000	11/17/59
	200,000	+3/4	200,000	6/30/59
	-0-	prime	1,500,000	11/13/59

[fol. 6094]

	Outstandings	Rate* Relation to Prime	Line	Date Last Action
	-0-	+ $\frac{3}{4}$	250,000	3/22/60
	-0-	+ $\frac{1}{2}$	1,000,000	4/14/60
	-0-	prime	2,500,000	4/14/60
	600,000	prime	600,000	3/18/60
	1,200,000	+ $\frac{1}{4}$	1,400,000	3/4/60
	750,000	+ $\frac{1}{2}$	750,000	4/1/60
	-0-	prime	2,000,000	2/5/60
	750,000	prime	750,000	5/6/60
	500,000	+ $\frac{1}{4}$	500,000	7/3/59
	300,000	+1	300,000	3/15/60
<b>Total Small Loan Companies</b>	<b>\$ 6,270,000</b>		<b>\$16,175,000</b>	
<b>Combined Sales Finance and Small Loan Companies</b>				
Names Deleted	\$ 500,000	+ $\frac{1}{2}$	\$ 500,000	12/10/59
	-0-	+ $\frac{1}{2}$	600,000	3/25/60
	750,000	prime	750,000	6/10/60
	2,000,000	prime	2,000,000	3/25/60
	-0-	prime	750,000	7/10/59
	250,000	+ $\frac{1}{2}$	250,000	8/18/59
	-0-	prime	3,000,000	3/4/60
	425,000	+1(g)	425,000	9/11/58
	350,000	+ $\frac{3}{4}$	350,000	1/19/60(h)
	700,000	prime	700,000	2/19/60
	175,000	+ $\frac{1}{2}$	300,000	7/21/59
<b>Total Combined Sales Finance and Small Loan Companies</b>	<b>\$ 5,150,000</b>		<b>\$ 9,625,000</b>	
<b>2. Commercial Finance Companies:</b>				
<b>Independent Commercial Finance Companies</b>				
Names Deleted	\$ 1,000,000	prime	\$ 1,000,000	4/1/60(i)
	-0-	prime	2,500,000	1/29/60
	500,000	prime	1,000,000	3/4/60
	500,000	+ $\frac{3}{4}$	obsolete	12/18/59(j)
	1,000,000	prime	1,000,000	3/18/60
	2,500,000	prime	2,500,000	3/4/60
<b>Total Independent Commercial Finance Companies</b>	<b>\$ 5,500,000</b>		<b>\$ 8,000,000</b>	
<b>Captive Commercial Finance Companies</b>				
Names Deleted	\$ 2,500,000	prime	\$ 3,000,000	4/1/60(k)
	600,000	+1	obsolete	4/8/60(l)
	30,000	+ $\frac{1}{2}$	40,000	12/1/58
<b>Total Captive Commercial Finance Companies</b>	<b>\$ 3,160,000</b>		<b>\$ 3,040,000</b>	
<b>Total Commercial Finance Companies</b>	<b>\$ 8,660,000</b>		<b>\$11,040,000</b>	

[fol. 6096]

## 3. Summary:

	6/30/60	Outstandings 12/31/59	6/30/59
Sales Finance Companies	\$30,852,368	\$28,035,690	\$27,062,589
Small Loan Companies	6,270,000	12,690,000	9,051,500
Combined Sales Finance and Small Loan Companies	5,150,000	2,500,000	2,250,000
Total Consumer Finance Companies	\$42,272,368	\$43,285,690	\$38,364,089
Commercial Finance Companies	8,690,000	7,715,000	7,105,000
Total Finance Companies	\$50,932,368	\$51,000,690	\$45,469,089
	6/30/60	Lines 12/31/59	6/30/59
Sales Finance Companies	\$ 67,725,000	\$67,915,000	\$68,665,000
Small Loan Companies	16,175,000	15,175,000	15,150,000
Combined Sales Finance and Small Loan Companies	9,625,000	3,450,000	3,200,000
Total Consumer Finance Companies	\$ 93,525,000	\$86,540,000	\$87,015,000
Commercial Finance Companies	11,040,000	10,640,000	10,290,000
Total Finance Companies	\$104,565,000	\$97,180,000	\$97,305,000

## 4. Breakdown of Totals by Operating Areas:

	Outstandings 6/30/60	Lines 6/30/60
National Companies	\$ 6,950,000 13 7%	\$ 36,150,000 34 6%
"Captive" Companies	23,287,368 45 7%	39,290,000 37 6%
Regional Companies	8,600,000 16 9%	13,350,000 12 8%
Area Companies	9,075,000 17 8%	11,750,000 11 2%
One-City Companies	3,020,000 5 9%	4,025,000 3 8%
Total	\$50,932,368 100 0%	\$104,565,000 100 0%

[fol. 6097]

## 5. P.N.B. Loans and Discounts:

	6/30/60	12/31/59	6/30/59	6/30/58
% of PNB Loans and Discounts represented by:	\$541,905,000	\$502,817,000	\$474,013,000	\$451,996,000
Finance Company Borrowings	9 4%	10 2%	9 6%	8 0%

\* The current prime rate is 5%.

(a) Participation in total line of \$1,100,000.

(b) For purchase of customers' paper, endorsed by L. B. Smith, Inc. with full recourse to Keystone Acceptance Corporation. We hold paper at rates from 5% to 6%.

(c) Includes \$1,502,344 participation in a term loan of \$60,235,000 to Mack Trucks, Inc., maturing 5/1/61. As payments are applied to the term loan the credit available to Mack Financial Corporation will increase by an equal amount until the entire line of \$2,000,000 is available to that corporation on an unsecured basis.

(d) Guaranteed by Radisso, Inc.

(e) This line is available to Sears, Roebuck and Co. and/or Sears Roebuck Acceptance Corporation, in addition to a commitment to the parent whereby this bank may purchase time sales accounts of certain of their retail stores up to a limit of \$25,000,000 outstanding at any one time.

(f) Participation in a Revolving Credit of \$75,000,000 expiring 8/1/62, at which time, at option of the company, it may be replaced by a term loan to mature 8/1/67. The rate is 1/4%.

[fol. 6098]

## Analysis of Changes in Credit Lines During the First Six Months of 1960

New Lines of Credit	
Names deleted	\$2,000,000
	<u>2,000,000</u>
Total new lines of credit	<u>\$4,000,000</u>
Increase in Existing Lines of Credit	
Names deleted	\$1,500,000
	1,000,000
	500,000
	<u>2,000,000</u>
Total increase in existing lines of credit	<u>\$5,000,000</u>
Decrease in Lines of Credit	
	\$ 15,000
Lines of Credit Cancelled	
	<u>\$1,600,000</u>
Summary	
New Lines of Credit	4,000,000
Increase in Existing Lines of Credit	5,000,000
Total Increase for First Six Months	\$9,000,000
Decrease in Lines of Credit	15,000
Lines of Credit Cancelled	<u>1,600,000</u>
Total Decrease for First Six Months	1,615,000
Net Increase for First Six Months	<u>\$7,385,000</u>

[fol. 6099]

Outstandings and Lines to Finance Companies  
The Philadelphia National Bank

Date	Total Lines	Lines in Use	% Lines in Use
12/31/48	\$34,981,516	\$20,551,519	58.7
12/31/49	45,000,000	23,291,573	51.8
12/29/50	51,375,000	33,924,018	66.0
11/8/51	66,175,000	39,459,925	59.6
12/31/52	73,545,000	48,305,000	65.5
12/31/53	77,846,000	37,699,056	48.4
12/31/54	80,750,000	28,670,532	35.3
12/31/55	92,945,000	58,199,729	62.8
12/31/56	95,735,000	50,325,854	52.6
12/31/57	99,185,000	48,147,625	48.5
6/30/58	100,435,000	36,082,982	35.9
12/31/58	97,380,000	51,915,896	53.3
6/30/59	97,305,000	45,469,089	46.7
12/31/59	97,180,000	51,000,690	52.6
6/30/60	104,565,000	50,932,368	48.7

over prime with a maximum of 4½% and a minimum of 3%. See Term Loan Report for additional information.

(g) 5% minimum or 1% over prime.

(h) Guaranteed by the officers and their wives.

(i) In addition, a line of \$500,000 is available for letters of credit and/or acceptances. All obligations are guaranteed by Jacob Seiler, David Seiler, Nathan Seiler, and City Industrial Company (but subordinate to the partnership's direct borrowings).

(j) Guaranteed by R. S. F. Company.

(k) This line is available to Dan River Mills, Inc. and/or Iaelin-Jefferson Financial Company, Inc., in addition to the \$750,000 balance of our \$750,000 participation in a \$6,000,000 term loan maturing 8/31/65 to Dan River Mills, Inc.

(l) Secured by dealers' notes and trust receipts. All underlying obligations are endorsed by Lester Piano Manufacturing Company, Inc.

## [fol. 6100] GOVERNMENT'S EXHIBIT 134

## Dealers

## (Names Deleted)

Philadelphia 23, Pennsylvania  
(Machinery and Equipment)  
1959—0  
1960—0

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959—0  
1960—0

Washington, D.C.  
(Machinery and Equipment)

Philadelphia 2, Pennsylvania  
(Commercial Modernization)  
1959—0  
1960—0

Philadelphia 32, Pennsylvania  
(Commercial Modernization)  
1959—1—\$3,287.  
1960—0

Palmyra, Pennsylvania  
(Farm Equipment)  
1959—2—\$5,115.  
1960—0

Philadelphia 4, Pennsylvania  
(Commercial Modernization)  
(Commercial Refrig)  
1959—17—\$177,813.  
1960—12—\$127,163.

Dublin, Pennsylvania  
(Farm Equipment)

Phoenixville, Pennsylvania  
(Commercial Modernization)  
1959—0  
1960—0

Andalusia, Pennsylvania  
(Machinery and Equipment)  
1959—5—\$19,714.  
1960—1—6,439.

Lansdale, Pennsylvania  
(Commercial Modernization)  
1959—0  
1960—0

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959—1—\$796.  
1960—0

Philadelphia, Pennsylvania  
(Heavy Commercial Vehicles)  
1959—6—\$18,984.12  
1960—7—\$30,967.24

Trenton 8, New Jersey  
(Machinery and Equipment)  
1960—12—\$89,518.

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959—4—\$6,604.  
1960—2—\$3,783.

Sharon Hill, Pennsylvania  
(Machinery and Equipment)  
1960—4—\$62,757.

[fol. 6101]

Chester, Pennsylvania  
(Commercial Modernization)  
1959—5—\$10,319.  
1960—5—\$7,522.

Holmes, Pennsylvania  
(Commercial Modernization)

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959—0  
1960—1—\$2,589.

Philadelphia, Pennsylvania  
(Commercial Modernization)  
Nothing since 1953

Camden 3, New Jersey  
(Commercial Modernization)  
1959—0  
1960—2—\$6,106.

Pennsauken, New Jersey  
(Machinery and Equipment)  
1959—9—\$15,574.  
1960—2—\$1,859.

Philadelphia, Pennsylvania  
(Commercial Modernization)

Philadelphia, Pennsylvania  
(Commercial Refrigeration)  
1959—10—\$17,731.  
1960—5—\$5,770.



## Dealers

(Names Deleted)

Thorofare, New Jersey  
(Machinery and Equipment)  
1959-29-\$100,417.  
1960-24-\$ 86,211.

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-76-\$937,880.  
1960-71-\$1,139,577.

Sharon Hill, Pennsylvania  
Main Office, Washington, 2, D.C.  
(Machinery and Equipment)

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-6-\$53,137.  
1960-2-\$19,751.

Conshohocken, Pennsylvania  
(Heavy Commercial Vehicles)  
1960-1-\$14,734.

Philadelphia, Pennsylvania  
(Machinery and Equipment)

Phoenixville, Pennsylvania  
(Farm Equipment)  
1959-0  
1960-0

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-6-\$23,185.  
1960-0

[fol. 6102]

Philadelphia, Pennsylvania  
(Heavy Commercial Vehicles)  
1959-15-\$42,937.  
1960-3-\$13,441.

Palmvra, New Jersey  
(Machinery and Equipment)  
1959-30-\$284,694.  
1960-18-\$219,634.

Philadelphia, Pennsylvania  
(Machinery and Equipment)

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-2-\$10,623.  
1960-0

Philadelphia, Pennsylvania  
(Commercial Refrigeration)  
1959-13-\$31,178.  
1960-9-\$ 6,853.

Clifton Heights, Pennsylvania  
(Commercial Refrigeration)  
1959-3-\$10,945.  
1960-2-\$ 3,266.

Broomall, Pennsylvania  
(Commercial Modernization)

West Grove, Pennsylvania  
(Farm Equipment)  
1959-10-\$22,616.  
1960-3-\$ 9,130.

Philadelphia, Pennsylvania  
(Commercial Modernization)

Washington, D. C.  
(Machinery and Equipment)  
1959-4-\$41,526.  
1960-6-\$93,559.

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-30-\$336,676.  
1960-7-\$ 63,011.

Ardmore, Pennsylvania  
(Commercial Refrigeration)  
1959-29-\$83,360.  
1960-4-\$11,377.

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-6-\$23,526.  
1960-5-\$15,869.

Philadelphia, Pennsylvania  
(Commercial Modernization)

Cardiff, New Jersey  
(Machinery and Equipment)

Neffs, Pennsylvania  
(Farm Equipment)  
1959-5-\$50,190.  
1960-0

Philadelphia, Pennsylvania  
(Commercial Modernization)

Philadelphia, Pennsylvania  
(Commercial Refrigeration)  
1959-11-\$41,123.  
1960-8-\$17,630.

[fol. 6103]

Collingswood, New Jersey  
(Machinery and Equipment)  
1959-2-\$11,177.  
1960-19-\$253,423.

## Dealers

(Names Deleted)

Pennsauken, New Jersey  
(Machinery and Equipment)  
1960-6-\$53,675.

Merchantville, New Jersey  
(Machinery and Equipment)

Philadelphia, Pennsylvania  
(Commercial Modernization)  
1959-0  
1960-0

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-46-\$104,920.  
1960-21-\$ 48,416.

Biglerville, Pennsylvania  
(Farm Equipment)  
1959-1-\$1,701.  
1960-0

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-6-\$17,422.  
1960-3-\$ 6,061.

West Chester, Pennsylvania  
(Heavy Equipment)  
1959-1-\$69,679.  
1960-4-\$203,929.

Hartsville, Pennsylvania  
(Commercial Refrigeration)  
1959-0  
1960-0

Philadelphia, Pennsylvania  
(Commercial Modernization and  
Refrigeration)  
1959-1-\$2,950.  
1960-3-\$3,831.

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-2-\$ 51,751.  
1960-8-\$330,485.

Landisville, Pennsylvania  
(Farm Equipment)

Phila., Pennsylvania  
(Commercial Modernization)  
1960-1-\$1,360.

Philadelphia 20, Pennsylvania  
(Machinery and Equipment)  
1959-39-\$432,282.  
1960-29-\$282,609.

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-3-\$211,996.  
1960-5-\$218,053.

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-0  
1960-1-\$14,000.

[fol. 6104]

Philadelphia, Pennsylvania  
(Commercial Refrigeration)  
1959-46-\$6,142.  
1960-5-\$6,268.

Philadelphia, Pennsylvania  
(Machinery and Equipment)  
1959-6-\$1,501.  
1960-6-\$3,861.

Doylestown, Pennsylvania  
(Heavy Commercial Vehicles)  
1959-8-\$65,903.  
1960-3-\$21,572.

Union, New Jersey  
(Machinery and Equipment)  
1959-3-\$3,420.  
1960-0

Kohnsville, Pennsylvania  
(Farm Equipment)

York, Pennsylvania  
(Commercial Modernization)  
1959-3-\$15,174.  
1960-0

Pennsauken, New Jersey  
(Commercial Modernization)

[fol. 6105] GOVERNMENT'S EXHIBIT 137

EXHIBIT "E"

Classification of Regular Checking Accounts According  
to Size

1. Personal.
2. Business.

Distribution of Regular Checking Accounts  
Centralized Office—The Philadelphia National Bank—August 1959

[fol. 6106]

Size of Account	No. of Accts.	% of Accts. in Ea. Category	Cumulative Per Cent	Total Deposits	% of Deposits in Ea. Category	Cumulative Per Cent
\$ 01- 299 00	2,994	19.23	19.23	333,200 00	72	72
300 00- 399 99	1,091	7.01	26.24	326,400 00	70	142
400 00- 499 99	1,043	6.70	32.94	417,600 00	90	332
500 00- 599 99	975	6.27	39.21	487,500 00	105	337
600 00- 699 99	870	5.59	44.80	521,900 00	113	450
700 00- 799 99	705	4.53	49.33	493,500 00	106	556
800 00- 899 99	587	3.77	53.10	477,600 00	103	659
900 00- 999 99	583	3.75	56.85	501,300 00	108	767
1,000 00- 1,999 99	2,654	17.06	73.91	3,806,100 00	820	1587
2,000 00- 2,999 99	1,240	7.97	81.88	2,932,400 00	632	2219
3,000 00- 3,999 99	666	4.28	86.16	2,278,000 00	491	2710
4,000 00- 4,999 99	400	2.57	88.73	1,752,500 00	378	3088
5,000 00- 9,999 99	921	5.92	94.65	6,397,800 00	1379	4467
10,000 00- 24,999 99	553	3.55	98.20	8,272,200 00	1783	6250
25,000 00- 50,000 00	177	1.14	99.34	6,171,600 00	1330	7580
Over 50,000 00	102	.66	100.00	11,225,500 00	2420	10000
Totals	15,561	100.00%	100.00%	46,395,100 00	100.00%	100.00%

[fol. 6107]

**Distribution of Regular Checking Accounts**  
**Centralized Office—The Philadelphia National Bank—August 1959**

Size of Account	Business				Total Deposits	% of Total Deposits	Accumulative Per Cent
	No. of Accts.	% of Total Accts.	% of Total Accts.	Accumulative Per Cent			
\$ 01-299 99.....	1,621	17.56	17.56	17.56	144,500 00	03	03
300 00-399 99.....	338	3.66	21.22	21.22	101,100 00	02	05
400 00-499 99.....	275	2.98	24.20	24.20	110,000 00	03	08
500 00-599 99.....	258	2.80	27.00	27.00	129,000 00	03	11
600 00-699 99.....	228	2.47	29.47	29.47	136,800 00	03	14
700 00-799 99.....	203	2.20	31.67	31.67	142,100 00	03	17
800 00-899 99.....	181	1.96	33.63	33.63	144,800 00	03	20
900 00-999 99.....	177	1.92	35.55	35.55	159,300 00	04	24
1,000 00-1,999 99.....	1,112	12.05	47.60	47.60	1,508,100 00	36	60
2,000 00-2,999 99.....	625	6.77	54.37	54.37	1,501,200 00	36	96
3,000 00-3,999 99.....	412	4.46	58.83	58.83	1,407,200 00	34	130
4,000 00-4,999 99.....	311	3.37	62.20	62.20	1,374,200 00	33	163
5,000 00-5,999 99.....	863	9.35	71.55	71.55	6,731,500 00	160	323
10,000 00-25,000 00.....	968	10.49	82.04	82.04	15,455,200 00	368	691
25,000 00-50,000 00.....	584	6.33	88.37	88.37	20,655,800 00	493	1184
Over 50,000 00.....	1,074	11.63	100.00	100.00	370,129,800 00	8816	10000
Totals.....	9,230	100.00%	100.00%	100.00%	419,830,600 00	100.00%	100.00%



Distribution of Regular Checking Accounts  
Bucks County Offices—The Philadelphia National Bank—September 1959

[Vol. 6108]

Personal Accounts

Size of Account - \$	No. of Accts. in Each Category	% of Accts. in Each Category	Cumulative	Total Dep. in Each Account	% of Dep. in Each Category	Cumulative
01-299 99	506	17.92%	17.92%	87,383 00	1.55%	1.55%
300 00-399 99	202	7.16%	25.08%	71,462 00	1.27%	2.82%
400 00-499 99	157	5.56%	30.64%	71,563 00	1.27%	4.09%
500 00-599 99	156	5.53%	36.17%	83,575 00	1.49%	5.58%
600 00-699 99	156	5.53%	41.70%	100,063 00	1.78%	7.36%
700 00-799 99	101	3.58%	45.28%	74,160 00	1.32%	8.68%
800 00-899 99	112	3.97%	49.25%	97,731 00	1.74%	10.42%
900 00-999 99	94	3.33%	52.58%	89,771 00	1.60%	12.02%
1,000 00-1,999 99	619	21.93%	74.51%	850,494 00	15.13%	27.15%
2,000 00-2,999 99	231	8.54%	83.05%	569,194 00	10.12%	37.27%
3,000 00-3,999 99	128	4.53%	87.58%	432,059 00	7.69%	44.96%
4,000 00-4,999 99	92	3.26%	90.84%	423,934 00	7.54%	52.50%
5,000 00-9,999 99	170	6.02%	96.86%	1,136,851 00	20.22%	72.72%
10,000 00-25,000 00	78	2.76%	99.62%	1,088,517 00	19.36%	92.08%
25,000 00-50,000 00	8	.28%	99.90%	248,377 00	4.42%	96.50%
50,000 00 & over	3	.10%	100.00%	196,655 00	3.50%	100.00%
Totals	2,823	100.00%		\$ 5,621,789 00	100.00%	

[col. 6109]

Distribution of Regular Checking Accounts  
Bucks County Offices—The Philadelphia National Bank—September 1959.

Business Accounts

Size of Account	No. of Accta. in Each Category	% of Accta. in Each Category	Cumulative	Total Dep. in Each Acct. Category	% of Dep. in Ea. Category	Cumulative
\$ 01- 299.99	302	19.14%	19.14%	\$ 40,092.00	40%	49%
300.00- 399.99	96	6.08	26.22	32,579.00	32	72
400.00- 499.99	77	4.88	31.10	33,777.00	34	1.06
500.00- 599.99	69	4.37	35.47	36,706.00	36	1.42
600.00- 699.99	55	3.49	38.96	35,724.00	36	1.76
700.00- 799.99	44	2.79	41.75	32,127.00	32	2.10
800.00- 899.99	43	2.72	44.47	35,846.00	36	2.46
900.00- 999.99	42	2.66	47.13	39,089.00	39	2.85
1,000.00- 1,999.99	259	16.41	63.54	378,785.00	3.75	6.60
2,000.00- 2,999.99	138	8.75	72.29	353,703.00	3.50	10.10
3,000.00- 3,999.99	85	5.39	77.68	299,287.00	2.96	13.06
4,000.00- 4,999.99	60	3.80	81.48	261,226.00	2.59	15.65
5,000.00- 9,999.99	146	9.25	89.73	1,023,481.00	10.13	25.08
10,000.00-25,000.00	106	6.72	96.45	1,717,907.00	17.01	42.00
25,000.00-50,000.00	25	1.59	98.04	904,120.00	8.95	51.74
50,000 & Over	31	1.96	100.00	4,874,768.00	48.26	100.00
Totals	1,578	100.00		\$10,099,267.00	100.00	

Distribution of Regular Checking Accounts  
 Clearing Area Offices—The Philadelphia National Bank—February 1957

[fol. 6110]

Size of Account	No. of Accts. in Each Category	% of Accts. in Each Category	Cumulative	Total Dep. in Each Acct. Category	% of Dep. in Each Category	Cumulative
\$ 01- 299.99	\$1,375	29.75%	29.75%	\$ 209,616.00	1.76	1.76%
300.00- 399.99	432	9.35	39.10	145,724.00	1.22	2.98
400.00- 499.99	329	7.12	46.22	191,586.00	1.61	4.59
500.00- 599.99	276	5.98	52.20	145,462.00	1.22	5.81
600.00- 699.99	197	4.27	56.47	123,728.00	1.04	6.85
700.00- 799.99	165	3.57	60.04	121,262.00	1.02	7.87
800.00- 899.99	139	3.01	63.05	116,318.00	.98	8.85
900.00- 999.99	118	2.56	65.61	110,852.00	.93	9.78
1,000.00- 1,999.99	648	14.01	79.62	876,236.00	7.37	17.15
2,000.00- 2,999.99	280	6.05	85.67	655,670.00	5.51	22.66
3,000.00- 3,999.99	154	3.33	89.00	510,148.00	4.29	26.95
4,000.00- 4,999.99	106	2.29	91.29	477,412.00	4.02	30.97
5,000.00- 5,999.99	70	1.51	92.80	383,046.00	3.23	34.20
6,000.00- 9,999.99	134	2.89	95.69	1,018,228.00	8.58	42.78
10,000.00- 25,000.00	121	2.61	98.30	1,831,764.00	15.42	58.20
25,000.00- 50,000.00	46	.99	99.29	1,560,848.00	13.14	71.34
Over 50,000.00	33	.71	100.00	3,405,842.00	28.66	100.00
Totals	4,623	100.00		\$11,883,742.00	100.00	

[Vol. 6111]

## Regular Checking Accounts (Personal)

Hathboro Office—The Philadelphia National Bank

Size of Account	No of Accts. in Each Category	% of Accts. in Each Category	Cumulative	Total Dep. in Each Acct.	% of Dep. in Each Category	Cumulative
\$ 01-299.99.....	2,849	57.50	57.50	\$ 336,305.00	12.30	12.30
300.00-399.99.....	446	8.97	66.47	132,041.00	4.73	17.03
400.00-499.99.....	318	6.42	72.89	134,734.00	4.92	21.95
500.00-599.99.....	237	4.74	77.63	116,550.00	4.24	26.19
600.00-699.99.....	171	3.45	81.08	104,220.00	3.79	29.98
700.00-799.99.....	124	2.50	83.58	82,560.00	3.11	33.09
800.00-899.99.....	114	2.27	85.85	87,290.00	3.18	36.27
900.00-999.99.....	87	1.73	87.58	70,395.00	2.56	38.83
1,000.00-1,999.99.....	378	7.62	95.20	497,530.00	18.05	56.88
2,000.00-2,999.99.....	91	1.82	97.02	215,055.00	7.76	64.64
3,000.00-3,999.99.....	46	.93	97.95	153,200.00	5.59	70.23
4,000.00-4,999.99.....	35	.71	98.66	158,414.00	5.76	75.99
5,000.00-9,999.99.....	52	1.04	99.70	336,700.00	12.48	88.47
10,000.00-25,000.00.....	11	.22	99.92	161,010.00	5.87	94.34
25,000.00-50,000.00.....	4	.08	100.00	155,230.00	15.66	100.00
Totals.....	4,963	100.00		2,741,354.00		100.00

Regular Checking Accounts (Business)  
Hathboro Office—The Philadelphia National Bank

[fol. 6112]

Size of Account	No. of Accts. in Each Category	% of Accts. in Each Category	Cumulative	Total Dep. In Each Acct Category	% of Dep. in Each Category	Cumulative
\$ 01- 299 99.....	114	15.96	15.96	16,409 00	37	37
300 00- 399 99.....	25	3.49	19.45	8,080 00	15	52
400 00- 499 99.....	26	3.63	23.08	11,989 00	27	79
500 00- 599 99.....	21	2.93	26.01	11,699 00	26	1.05
600 00- 699 99.....	26	3.63	29.64	16,790 00	38	1.43
700 00- 799 99.....	19	2.66	32.30	13,980 00	32	1.75
800 00- 899 99.....	20	2.79	35.09	16,940 00	39	2.14
900 00- 999 99.....	16	2.23	37.32	15,060 00	34	2.48
1,000 00- 1,999 99.....	139	19.48	56.80	194,500 00	4.22	6.70
2,000 00- 2,999 99.....	71	9.82	66.62	169,020 00	3.64	10.34
3,000 00- 3,999 99.....	42	5.88	72.50	139,250 00	3.17	13.51
4,000 00- 4,999 99.....	27	3.78	76.28	120,806 00	3.47	16.98
5,000 00- 9,999 99.....	93	12.95	89.23	662,096 00	15.19	32.17
10,000 00- 25,000 00.....	46	6.43	95.66	690,490 00	15.65	47.82
25,000 00- 50,000 00.....	16	2.24	97.90	526,318 00	11.85	59.67
50,000 00.....	15	2.10	100.00	1,787,990 00	40.33	100.00
Totals.....	716	100.00		4,401,417 00	100.00	



[fol. 6113]

## Distribution of Regular Checking Accounts

Lansdale Office—The Philadelphia National Bank—August 1959

Size of Account	No. of Accts. in Each Category	Personal		Total Dep. in Ea. Account Category	% of Dep. in Ea. Category	Cumulative
		% of Accts. in Ea. Category	Cumulative			
\$ 01-299.99.....	736	36.58	44.57	103,235.00	3.32	5.11
300 00-399.99.....	161	7.99	49.73	55,756.00	1.79	6.59
400 00-499.99.....	104	5.16	54.94	45,998.00	1.48	11.75
500 00-599.99.....	165	8.21	58.51	160,007.00	5.16	13.23
600 00-699.99.....	72	3.57	62.03	45,915.00	1.48	14.91
700 00-799.99.....	71	3.52	65.40	52,045.00	1.68	16.77
800 00-899.99.....	68	3.37	68.23	57,683.00	1.86	18.51
900 00-999.99.....	57	2.83	83.37	54,065.00	1.74	32.18
1,000 00-1,999.99.....	305	15.14	89.23	423,742.00	13.67	41.53
2,000 00-2,999.99.....	118	5.86	91.96	294,520.00	9.35	47.77
3,000 00-3,999.99.....	55	2.73	93.95	193,790.00	6.24	53.61
4,000 00-4,999.99.....	40	1.99	97.52	181,340.00	5.84	69.77
5,000 00-9,999.99.....	72	3.57	99.56	501,513.00	16.16	89.33
10,000 00-25,000.00.....	41	2.04	99.91	606,144.00	19.56	96.05
25,000 00-50,000.00.....	7	.35	100.00	208,733.00	6.72	100.00
Over 50,000.00.....	2	.09		122,690.00	3.95	
Totals.....	2,014	100.00		3,107,174.00		

Distribution of Regular Checking Accounts  
Lansdale Office—The Philadelphia National Bank—August 1959

[fol. 6114]

Size of Account	Business		Total Dep. in Ea. Account	Category	Cumulative	%	of Dep. in Ea.	Category	Cumulative
	No. of Accta. in Each	% of Accta. in Each							
\$ 01—	228	23.48	24,428 00	25	42				
300 00—	46	4.71	16,070 00	17	58				
400 00—	34	3.48	15,130 00	16	73				
500 00—	27	2.75	14,425 00	15	90				
600 00—	26	2.66	16,750 00	17	105				
700 00—	20	2.04	15,035 00	15	123				
800 00—	27	2.75	22,635 00	23	145				
900 00—	22	2.25	21,085 00	22	168				
1,000 00—	123	12.60	174,035 00	179	324				
2,000 00—	82	8.38	203,970 00	210	534				
3,000 00—	45	4.61	154,720 00	159	693				
4,000 00—	50	5.12	221,490 00	228	921				
5,000 00—	82	8.38	583,190 00	599	1520				
10,000 00—	91	9.32	1,368,820 00	1406	2926				
25,000 00—	41	4.20	1,491,905 00	1539	4465				
Over 50,000 00	32	3.27	5,385,840 00	5535	10000				
Totals	976	100.00	9,729,528 00						

[Vol. 6115].

## Distribution of Regular Checking Accounts

(Personal Accounts)

Montgomery Office—The Philadelphia National Bank—August 1959.

Size of Account	No. of Accounts in Each Category	% of Accts. in Each Category	Cumulative	Total Dep. in Each		% of Dep. in Each Category	Cumulative
				Category	Acct.		
\$ 01-299 99	194	22.89	22.89		26,816 00	1.43	1.43
300 00-399 99	55	6.49	29.38		17,830 00	1.94	2.37
400 00-499 99	48	5.66	35.04		20,776 00	1.11	3.48
500 00-599 99	53	6.25	41.29		26,700 00	1.42	4.90
600 00-699 99	24	2.83	44.12		15,410 00	1.82	5.72
700 00-799 99	33	3.89	48.01		24,040 00	1.28	7.00
800 00-899 99	19	2.24	50.25		16,095 00	1.86	7.86
900 00-999 99	27	3.18	53.43		25,565 00	1.36	9.22
1,000 00-1,999 99	154	18.16	71.59		204,280 00	10.87	20.09
2,000 00-2,999 99	57	6.72	78.31		132,140 00	7.03	27.12
3,000 00-3,999 99	47	5.54	83.85		156,340 00	8.31	35.43
4,000 00-4,999 99	30	3.54	87.39		133,769 00	7.12	42.55
5,000 00-9,999 99	77	9.08	96.47		512,041 00	27.24	69.79
10,000 00-25,000 00	25	2.95	99.42		385,655 00	20.51	90.30
25,000 00-50,000 00	4	.47	99.89		124,795 00	6.64	96.94
Over 50,000 00	1	.11	100.00		57,740 00	3.06	100.00
Totals	848	100.00			1,879,992 00	100.00	

Distribution of Regular Checking Accounts  
(Business Accounts)  
Montgomery Office—The Philadelphia National Bank—August 1959

[Col. 6116]

Size of Account	No. of Accounts in Each Category	% of Accts. in Each Category	Cumulative	Total Dep. in Each Acct. Category	% of Dep. in Each Category	Cumulative
\$ 299 99	64	16.40	16.40	9,486.00	18	18
300 00-399 99	11	2.82	19.22	2,840.00	07	25
400 00-499 99	11	2.82	22.04	4,809.00	09	34
500 00-599 99	13	3.33	25.37	7,046.00	14	48
600 00-699 99	13	3.33	28.70	8,510.00	17	65
700 00-799 99	4	1.03	29.73	3,035.00	07	72
800 00-899 99	13	3.33	33.06	11,020.00	22	94
900 00-999 99	11	2.82	35.88	10,460.00	20	114
1,000 00-1,999 99	15	16.98	52.86	89,706.00	174	288
2,000 00-2,999 99	29	7.44	60.30	72,532.00	141	429
3,000 00-3,999 99	12	3.08	63.38	42,010.00	82	511
4,000 00-4,999 99	19	4.87	68.25	86,145.00	167	678
5,000 00-9,999 99	46	12.05	80.30	309,405.00	600	1278
10,000 00-25,000 00	33	8.46	88.76	513,665.00	997	2275
25,000 00-50,000 00	22	5.64	94.40	776,565.00	1508	3783
Over 50,000 00	23	5.90	100.00	3,201,840.00	6217	10000
Totals	390	100.00		5,150,134.00	10000	

July 28, 1960.

To: Mr. Frederic A. Potts, President  
Report of the Service Charges Committee

#### A. Purpose of the Committee

This task-force Committee was directed to:

1. Make a critical analysis of our present policies, procedures and rates in regard to the analysis of regular checking accounts and the service charges applied to such accounts as well as to Special checking accounts.
2. Recommend to the Administrative Committee any changes they feel will improve the merchandising of our services as well as our being adequately compensated for services rendered.

#### B. Objectives

The Committee recommends the following objectives:

1. To establish charges which would encourage retail customers with low balances to establish Special checking accounts rather than regular accounts. It is the opinion of the Committee that the large number of checking accounts with very small balances adversely affects the quality of service available to the checking account customers who desire and are entitled to complete and accurate service.
2. To be adequately compensated for services. In this connection, it is recommended that our overall objective be to recover our costs plus a 25% profit.
3. To be competitive.
4. To be fair and equitable in applying charges.



C. Background Information (Exhibits are attached to original of this Report)

The following information was used in preparing the Committee's recommendations:

1. Costs for major items subject to analysis in regular checking accounts and the cost of the Special Checking Department were prepared by the Control Division.
2. Schedule of service charges for each office.
3. Policies and procedures now used at each office in the handling of accounts and service charges.
4. A statistical report of personal and business regular checking accounts which contained a classification of accounts according to size, the number of accounts and total deposit volume in each classification. A separate report showed the number of accounts in each classification that are exempt from service charges.
5. Survey showing details of personal and business accounts exempt from service charges.
6. Survey of deposited items broken down as to personal, business, and correspondent bank accounts.
7. A comparison of proof time in processing large volume deposits (bank accounts) as against the time to process small volume deposits.
8. Survey showing the competition in branch areas.
9. Service charges of selected items and earnings credit of other banks in major cities.

D. Recommendations—Service Charges

1. Regular Checking Accounts—It is recommended that the proposed charges shown on the attached schedule be adopted for regular checking accounts. Comments on major items or those involving a policy change are noted below.

(a) Checks deposited and deposit tickets—Historically the profit margin on deposited items has

been high to offset losses on other items which cannot be recovered through service charges due to competitive conditions. This is especially true of deposit tickets.

The Committee took into consideration, however, the difference in the operating procedures for the large volume of deposited items received from a small number of correspondent bank accounts and the small volume from a large number of personal and business accounts. For this reason and in view of competition in the correspondent bank field, we recommend there be no change in the deposited item charge for correspondent bank accounts. However, due to the small number and the high cost of processing bank deposit tickets, we do recommend that the charge for each correspondent bank deposit be increased from \$.10 to \$.35 each. Our surveys indicate that such a charge would be competitive.

[fol. 6119] On personal and business accounts, we propose a \$.04 rate on the first 2,000 items deposited per month and \$.02 for items in excess of 2,000, in order to:

- (1) realize our over-all profit objective;
  - (2) recover our loss on personal and business deposit tickets where competitive conditions preclude a further increase in this item, and
  - (3) help distinguish between personal regular checking accounts and Special checking accounts.
- (b) Checks drawn—Heretofore there has been no established volume level used to determine the so-called large volume accounts to receive a preferential rate. Our surveys indicated a volume of 1,000 checks per month to be equitable.

On the attached schedule volume figures have been adjusted to reflect this change and rates of \$.05 for large volume accounts and \$.07 for other accounts are proposed regardless of the ledger location of the accounts.

- (c) Maintenance Charge on Business and Personal Accounts—Increased from \$.75 per month to \$1.25 per month. This is in line with our objective to make a distinction between regular personal accounts and Special checking accounts. At the present time a regular personal account customer with a balance up to approximately \$600 receives better service at less cost than a Special checking account customer. The increase in maintenance cost on business accounts is believed to be justified by their extensive use of our lobby and analysis facilities, the two major items comprising maintenance cost.
  - (d) Maintenance Charge on Accounts of Correspondent Banks—Increased from \$3.00 per month to \$5.00 per month in an effort to be realistic and to recover as much of our cost as possible.
  - (e) N S F and Post-dated "on us" Checks—Increased from a \$2.00 analysis charge to a \$4.00 direct charge when checks are returned. If an overdraft is permitted, the charge will be made on the analysis. The direct charges are considered as penalty measures and are in line with competition. They are not directly related to cost.
2. Special Checking Accounts—It is recommended that the monthly maintenance charge for this type of account be increased from \$.25 to \$.50, the charge for "on us" items returned from \$2.00 to \$4.00 and the stop payment charge from \$.50 to \$1.00. As will be seen in the attached schedule, these charges would increase the estimated earnings on Special [fol. 6120] checking accounts in the centralized of-

fices, after indirect earnings on balances but before taxes, to \$120,448 from \$13,113.

The Committee considered an alternative schedule of charges for Special checking account activity, which would eliminate the maintenance charge. A charge of \$.12 would be made for each item—checks drawn and deposit tickets. The attached schedule shows that this method would produce \$32,851 less income than would be realized by increasing the maintenance charge. The elimination of the maintenance charge would also be more in line with the objective of differentiating between regular and Special checking accounts.

It is the opinion of several members of the Committee that the elimination of a maintenance charge would represent a definite merchandising advantage. It was also felt by the Committee that the elimination of a maintenance charge, thus putting these accounts on a strictly "pay as you go" basis, would tend to reduce the number of accounts closed because of low activity or temporary inactivity, a costly procedure. It is recommended that a monthly charge of \$.50 be made on accounts which have been inactive for a period of six months. These customers should be notified by letter before such a charge is made.

An increase in charges for Special checking account service is required to meet the earnings objective. The charges recommended above also meet the objective of providing a differential in the net cost to the customer of the two types of accounts, which should encourage those with small balances to use the Special checking account service.

#### **E. Additional Recommendations**

It is further recommended that:

1. A new earnings credit be established based on the recent study by the Control Division and based on a study of the impact of the combined effect of the new rate and new charges on specific customers.

The adoption of a new earnings credit should coincide with changes in the service charges.

2. Standard service charges be adopted at all offices as soon as possible. Temporary delays should be granted to specific offices by the Retail Division only if, in their opinion, present local competitive conditions do not permit immediate standardization.

3. The Control Division continue its cost study of minor items not covered in this report and recommend revision in charges where proper to G. E. Cooper, Senior Vice President.

[fol. 6121] 4. Each department review method and control of procedures used to notify Analysis Department of charges for services rendered to a customer. It would be desirable to establish analysis charges for as many of the special services rendered customers as possible. The analysis of the earnings credit by the Control Division indicates an analysis profit of \$7,680,000 not consumed by activity charges. This is our "at risk position" subject to customer requests for additional services or reduction of excess balances.

5. Responsibility for periodic review of service charges be vested in the Senior Vice President of Operations. He should make changes as he deems advisable, with the approval of the Head of the Commercial and Retail Divisions. When such an agreement cannot be obtained, the proposed change(s) should be referred to the Administrative Committee for decision.

#### F. Alternatives to be Considered

It will be seen from the attached schedule that application of the proposed charges would result in a mark-up of 32.7% as compared with the suggested objective of 25%. The proposed charges could be reduced a total of \$250,000 to bring the mark-up to 25%. If it were



desired to reduce the mark-up, the following alternatives are suggested:

### Reduction

1. Reduction of the proposed charge for the first 2,000 checks deposited in business and personal accounts from \$.04 to \$.03 ..... \$142,000

A recent Republic National Bank survey of charges made by 35 major banks shows that only 11 charge as much as \$.03, the highest charge reported. The relatively large mark-up, however, can perhaps be justified by the fact that the cost figures are arrived at by averaging *all* deposited items, including those, of correspondent banks with very large letters, which are considerably less expensive to handle than those in the business and personal accounts, which for the most part have far fewer items.

2. Elimination of the charge for deposit tickets to business and personal accounts. .... 111,000

Apparently many of our customers feel that it is unreasonable to make a charge for deposit tickets, feeling that they are prepared for the convenience of the bank and that a charge is already being made for the checks being deposited.

- [fol. 6122]
3. Reduction of the proposed maintenance charge on business and personal accounts from \$1.25 to \$1.00 ..... \$76,257  
and on correspondent bank accounts from \$5.00 to \$3.00 ..... 19,128

95,385

A possible basis for making the reduction in business and personal accounts is the fact that the proposed change represents an increase from \$.75 and would be somewhat higher than other Philadelphia banks. However, a reduction in this figure would reduce the desired differential between the cost of low balance regular checking accounts and Special Checking accounts.

Respectfully submitted, Service Charges Committee,  
William R. Byrd, Jr.; Frank R. Dyer, Jr.; Ellis B.  
Ridgway, Jr.; Shaler-Stidham, John C. Tiedeman,  
Harold W. Wallgren, Morris R. Brownell, Jr.

[fol. 6123]

**Major Items Subject to Analysis—Regular Checking Accounts Costs, Current Charges, Proposed Charges**  
(Based on Central Office Costs and Volume)

(Based on Central Office Costs and Volume)										
		Costs		Current Charges			Proposed Charges			Profit
	Est. Annual Volume	Per Item	Amount	Per Item	Amount	Over Cost	Per Item	Amount	Over Cost	Margin %
Checks Deposited										
Business & Personal Accts.										
First 2000.....	14,229,093	\$ .011457	\$ 163,023	\$ .03	\$ 426,873	\$ 263,840	\$ .04	\$ 569,164	\$ 406,141	249.1%
Over 2000.....	17,497,956	.011457	200,474	.015	262,469	61,995	.02	349,959	149,485	74.6
Bank Accounts										
First 2000.....	9,793,332	.011457	112,202	.03	293,800	181,598	.03	293,800	181,598	161.8
Over 2000.....	55,593,708	.011457	636,908	.015	833,906	196,998	.015	833,906	196,998	30.9
Non-Par.....	469,161	.070275	32,970	.03	14,075	18,895	.10	46,916	13,946	42.3
Checks Drawn										
1-7 Ledgers—lrg. vol.....	2,165,464(a)	.078972	171,011	.03	84,374	-86,637	.05	108,273	-62,738	Loss
1-7 Ledgers—all other.....	6,763,682(a)	.078972	534,142	.06	367,000	-167,142	.07	473,458	-60,684	Loss
8th Ledger—lrg. vol.....	2,580,919	.036008	92,934	.03	77,428	-15,506	.05	129,046	36,112	38.9
8th Ledger—all other.....	197,000	.036008	7,094	.03	45,910	-1,184	.07	13,790	6,696	94.4
Bank Ledger.....	461,121	.052234	24,086	.06	27,667	3,581	.07	32,278	8,192	34.0
Acct. Reconciliation.....	3,087,148	.035852	110,681	.05	154,357	43,676	.05	154,357	43,676	39.5
Non-Ledger Items.....	3,854,700	.023233	89,519	.015	57,821	-31,698	.03	115,642	26,123	29.3
Checks Returned.....	521,151	.188713	98,348	.10	52,115	-46,233	.25	130,288	31,940	32.5
Returns Clearing House Bks.....	86,859	.117394	10,197	N.C.	N.C.	-10,197	N.C.	N.C.	-10,197	Loss
Collections										
Regular.....	136,541	1.229400	167,864	1.00	136,541	-31,323	1.50	204,812	36,948	22.0
Letters of Credit.....	835	2.567000	2,144	1.50	1,253	-891	2.50	2,088	-56	Loss
Security Drafts.....	16,727	2.987000	49,957	2.00	33,454	-16,503	3.00	50,181	224	.4
Coupons (shells).....	330,562	.176136	58,224	.15	49,584	-8,640	.25	82,640	24,416	44.9
Deposit Tickets										
Business & Personal Accts.....	1,109,275	.202376	224,491	.10	110,927	-113,564	.10	110,927	-113,564	Loss
Bank Accounts.....	302,796	.354727	107,410	.10	30,280	-77,130	.35	105,979	-1,431	Loss
Non-Sufficient Funds.....	7,820	.850298	6,648	2.00	15,640	8,992	4.00 D	31,280	24,632	370.5
Overdrafts.....	7,474	1.238000	9,254	1.00	7,474	-1,780	3.00	22,420	13,166	142.3
Post Dated Checks.....	808	1.275712	1,031	2.00	1,616	585	4.00 D	3,232	2,201	213.5
Stale Dated Checks.....	442	1.275712	564	N.C.	N.C.	-564	N.C.	N.C.	564	Loss
Stop Payments.....	10,270	2.201941	22,614	.50	5,135	-17,479	1.00	10,270	-12,344	Loss
Maintenance										
Business & Personal Accts.....	25,419	10.118669	257,206	9.00(b)	228,774	-28,435	15.00(b)	381,285	124,079	48.2
Bank Accounts.....	797	65.307403	52,050	36.00(c)	28,692	-23,358	60.00(c)	47,820	-4,230	Loss
			\$3,243,046		\$3,307,162	\$ 64,116		\$4,303,811	\$1,060,765	32.7%
Total										

shifted from "large volume" to "all other", because they will be charged for at the higher rate under

(a) 647,000 checks, representing accounts with volume under 1000 per month, have been shifted from "large volume" to "all other", because they will be charged for at the higher rate under the proposed charges.

(b) Equivalent to \$ .75 and \$1.25 per month.

(c) Equivalent to \$3.00 and \$5.00 per month.

Control Division—8/1/60.



## PNB Centralized Special Checking Accounts—Estimated Annual Earnings and Expenses

	Present			Proposed			Alternate		
	Volume	Charges	Amount	Charges	Amount	Amount	Charges	Amount	Amount
<b>Direct Earnings (a)</b>									
Checks	2,242,737	\$ 10/item	\$224,274	\$ 10/item	\$224,274	\$224,274	\$ 12/item	\$209,128	
Maintenance—(Av. No. of Accts.)	26,424	25/month	79,272	50/item	158,544	158,544	N.C.	0	
Uncollected & NSF	13,740	2 00/item	27,480	4 00/item	54,960	54,960	4 00/item	54,960	
Stop Payments	1,166	50/item	583	1 00/item	1,166	1,166	1 00/item	1,166	
Deposits	673,659	N.C.	0	N.C.	0	0	12/item	80,839	
Total Direct Earnings			\$331,609		\$438,944	\$438,944		\$406,093	
Indirect Earnings on Balances			136,335		136,335	136,335		136,335	
Total Earnings			\$467,944		\$575,279	\$575,279		\$542,428	
<b>Expenses (b)</b>									
Departmental Direct			\$156,970		\$156,970	\$156,970		\$156,970	
Allocations from Other Departments			15,042		15,042	15,042		15,042	
Operations Administrations (5.23%)			8,986		8,986	8,986		8,986	
General Overhead (8.44%)			15,290		15,290	15,290		15,290	
Total Departmental Expenses			\$196,298		\$196,298	\$196,298		\$196,298	
Check Handling Costs—Tellers, Proof, Transit, etc.			155,584		155,584	155,584		155,584	
Maintenance Costs			77,712		77,712	77,712		77,712	
Cost of Checks (c)			22,620		22,620	22,620		22,620	
Cost of Deposit Tickets			2,587		2,587	2,587		2,587	
Total Expenses			\$454,831		\$454,831	\$454,831		\$454,831	
Net Earnings Before Tax			\$ 13,113		\$120,448	\$120,448		\$ 87,597	

## Notes:

(a) Earnings and Volume are based on 1959 figures.

(b) Expenses are current annual expenses, partly estimated.

(c) The \$22,620 included in expenses is only for checks actually drawn. Although it is impossible to determine accurately, there are indications that we have been experiencing a wastage factor of about 29%, which is in line with the bank average as estimated by check manufacturers. Based on current volume and the cost of the new checks, wastage could amount to approximately \$6,000 a year. However, since the new checks will be issued in books of 100 instead of books of 25 as heretofore, it is conceivable that wastage could increase to as much as \$25,000 a year.

Control Division—8/1/60



Ellis B. Ridgway, Jr.  
Stephen G. Gardner  
C. Donald Riddle  
Robert C. Allen

Branch Administration

12/2/60

### Merger Memorandum

#### Re: Priority of Branch Sites

We have met on several occasions and have discussed what should be considered as a de novo branch priority program should the merger be approved. The following locations are listed in the order of importance.

##### 1. King of Prussia

In our opinion, this is the prime bank site in the four-county area due to the national industrial names already located here or that who have announced plans to locate here. Two previous applications submitted by The Philadelphia National Bank were declined without prejudice to their refileing at a later date.

PNB is on record in writing with all interested parties of the Acme tract, i.e., American Stores Company (owner) and National Planning and Research Board (designer).

A recent trade publication announcement indicates that Korvette, Inc. will locate a department store on a 79-acre tract adjacent to the Acme ground if they are successful in their rezoning efforts. This development may possibly bring in a Philadelphia competitor bank application since neither PNB nor Girard have a deposit relationship with Korvette. Apparently Morris Krevitz, Inc. will develop this shopping center.

We will stay as close to this situation as possible and continue our contacts with the Acme and Morris Kravitz. In the meantime, we will add to the PNB application the deposits Girard has in the area.

## 2. Warminster.

Girard, prior to the merger announcement, had under study a proposed branch in the Rosemore Shopping Center on County Line Road northeast of Hatboro. The owners of this center have held two end stores available for Girard which could be occupied rather inexpensively and quickly if internal and regulatory approval could be obtained.

This site could become a satellite to the Hatboro office, acting as a temporary protection in this fast growing community and would give us a "hold" in the area and enable us to observe future commercial growth and determine the ultimate location.

We intend to make a field trip in the near future and try to arrive at a joint recommendation on the Warminster area.

## [fol. 6126] 3. Morrell Tract

PNB has filed a letter of intent and formal application for a site on the east side of Frankford Avenue in the vicinity of Knights Road. The supporting information has been withheld as a result of a policy decision concerning PNB's relationship with the Frankford Trust Company which had filed for a branch prior to PNB's application.

This could be an important site in rounding out our Greater Northeast coverage should the Frankford Trust Company withdraw. This is a risk site because Fidelity-Philadelphia has notified the State of their intention to close their Andalusia office and relocate in the Morrell Tract Shopping Center.

## 4. Eastwick

Even though the redevelopment of this area has not yet been through the developers' planning stage, the Girard has established contacts with the prime developer (Reynolds Metals Company) through the bank's counsel, Barnes, Dechert, and with the secondary partner, Berger Brothers, through one of Girard's loan officers. The Girard had hoped to use this opportunity to develop a deposit relationship with Reynolds Metals as well as to tie down the branch site. Our last contact with Barnes, Dechert indicated that they had obtained space in Three Penn Center for the

Reynolds Company's advance planning division. With PNB's branch in this building, we certainly should be able to develop a strong contact as well as deposit business. We will follow up on this through Barnes, Dechert.

PNB had been requested to consider a branch site in the new Scott Paper administration building but declined to do so.

#### 5. Randall Morgan Tract

Both banks have been following this proposed development at Stenton and Willow Grove Avenues in Chestnut Hill for the past few years. The latest proposal is for development of a scientific research area. PNB had gone on record with the Summit Construction Company of New York City as to a possible interest in a branch site. Girard is on record with William J. McCarter & Co., a local agent, but has never pressed its case due to its relatively poor relationship with Food Fair Properties, Inc. who had an interest in the shopping center end of the tract.

#### 6. Roxborough

Mr. Richard I. Rubin has approached both banks with a shopping center now underway at Domino Lane and Ridge Pike, midway between offices of The First Pennsylvania Company and Liberty Real Estate. Neither of us have a very strong interest in the site, but due to the late stage of construction, we have agreed to take another look in view of our general lack of coverage in the Roxborough-Manayunk area.

This brief memo is an attempt to establish a schedule of priorities and is not a substitute for a detailed analysis of the four-county area which will certainly be on our agenda.

C. Donald Riddle, Robert C. Allen

/emc

[fol. 6127]

## GOVERNMENT'S EXHIBIT 141

January 17, 1961.

To: Messrs. V. E. Furey, E. L. Worstall

Re: Equipment Loans—Progress Report #1

This is the first progress report on the subject. We have had two meetings, one on 12/16/60 and the other on 1/12/61.

At the first meeting, GTCX supplied PNB with (1) a list of all our dealers, and (2) a list of our rental accounts and business loans. On this second list we showed the outstandings and rates. Outstandings of this group totaled about \$11,436,000. Approximately \$9,761,000 was on a simple interest basis, running from a low of 4% to a high of 7%. About \$1,675,000 was on a dollar per hundred rate, from \$3.50/\$100 to \$5.00/\$100.

We offered to transfer to Walter Johnson's division all the simple interest outstandings and to keep in our division 9 rental companies where the rate is on a discount basis.

At the second meeting we had outstandings of all dealer accounts and direct loans, with rates as of 12/31/60. These were exchanged, with the understanding that each division would now review the other's. At the next meeting we will attempt to determine where dealers and/or plans should be assigned.

One problem that confronts us is that of rate. Generally GTCX rates are higher than PNB. What will complicate our discussions is which way do we go—up or down. As an example, GTCX does business with . . . a Caterpillar dealer in the Phila. area, while PNB does business with . . . a Caterpillar dealer in the Harrisburg area. Both dealers overlap in selling, even though they shouldn't. GTCX rates are \$5.00/\$100 to \$10,000, \$4.50/\$100-\$10,001 to \$20,000 and \$4.00/\$100 over \$20,000. PNB rates are usually not higher than 6% simple. . . . carries nice balances with GTCX. We understand that . . . carries balances with PNB. Both dealers have good financial statements. PNB has full recourse to dealer, GTCX has 50% of its outstandings on full recourse, with an understanding that other paper, if it becomes delinquent, will be picked up. They have always assured GTCX that the bank will suffer no loss. Since 1946 no loss has been suffered.

How do we resolve this situation? If PNB rates prevail, the merged bank will have to drop the rate to . . . with a corresponding drop in bank income.

Similar situations will arise in other lending categories, where rates vary. Guidance from your level would help in arriving at a decision for a new plan.

H. W. Ritter, Vice President. H. T. Enssler, Assistant Vice President.

HTE:avo

[fol. 6128] GOVERNMENT'S EXHIBIT 142

(page one only)

January 11, 1961.

To: Mr. E. L. Worstall  
Senior Vice President

From: Bill Whiteford

Subject: Summary of Merger Meetings—Retail Division

At your request, I have attempted in the following paragraphs to summarize, as briefly as possible, the principal areas discussed and the conclusions reached at meetings held on December 1, 9, 20, 1960, and January 4, 1961. Since I was not present at the December 1 meeting, the minutes prepared by Mr. Gardner have been used in this summarization.

Attendance at meetings, except as noted above, has been as follows:

E. L. Worstall, Senior Vice President—Philadelphia National

S. S. Gardner, Vice President—Girard Trust Corn Exchange

E. B. Ridgway, Jr., Vice President—Philadelphia National

W. J. Whiteford, Assistant Cashier—Philadelphia National (Secretary)



## 1. Exchange of Information

Cooperation in this area has been excellent. All information of significance relating to the branch systems in both banks has freely been made available. A task force consisting of Messrs. Allen of Girard and Riddle of PNB has been established to exchange information on branch sites presently under consideration as well as sites included in long range plans. This task force has recommended the following priorities for new branches:

1. King of Prussia—PNB
2. Rosemore Shopping Center (Warminster)—Girard will take 90-day option
3. Pottstown Area—PNB
4. Morrell Center (9800 Frankford Avenue)—PNB
5. Eastwick—Girard
6. Morgan Tract (Stenton Avenue, Chestnut Hill)—PNB

A task force consisting of Messrs. Allen and Maletz of Girard, and Messrs. Cotter and Riddle of PNB has been established to compare the types of information available to Branch Administration in both banks. This includes methods used and bases for various reports such as profit and loss, deposit allocations, activity reports, new business measurment, budgeting, expense controls, etc. It is expected that the report of this task force will be the basis for determining merger priorities and will be helpful in locating conflicts in systems and operating problems.

A task force consisting of Messrs. Allen and Riddle, together with members of the Public Relations Departments of each bank has been established and is well along in the development of a branch office handbook describing location, facilities and staff for each office.

Messrs. Gardner and Ridgway have exchanged information on branch manager job descriptions as well as major transfers and promotions of personnel.

## [fol. 6129] GOVERNMENT'S EXHIBIT 144

January 16, 1961.

Bank	Numbers Assigned	
	Actually Assigned	Total No. Accounts
Girard	136,200	136,200
P.N.B.	75,000	100,000

Philadelphia National has not notified its 17,000 commercial account of their number, as well as 8,000 personal accounts located in Bristol and Hatboro.

In addition to the actual assignment of the numbers, another important consideration is how many of the checks processed are printed in Magnetic Ink and how many customers are involved.

Bank	Type	No. Accounts	Accts. Assigned Numbers	Customers Using MICR	% of Checks in MICR
Girard	Personal	57,200	57,200	43,997	77%
P.N.B.	Personal	33,300	25,300	17,700	70%
Girard	Commercial	15,300	15,300	10,826	71%
P.N.B.	Commercial	17,000	800	?	5%

	Check Volume in MICR	Total Check Volume
Girard—Personal	23,800	35,500
P.N.B.—Personal	13,000	19,500
Girard—Commercial	29,500	44,300
P.N.B.—Commercial	5,500	55,000

\* Actually 76-78% of checks in MICR. Additional 5-7% in MICR, but not in use yet. Old supplies being used up first.

## [fol. 6130] GOVERNMENT'S EXHIBIT 146

### Answer of the Philadelphia National Bank to Questions 4 and 5 of Questions Propounded by Plaintiff

In answer to Questions 4 and 5, it should be pointed out that persons desiring a loan or line of credit in excess of the lending limit of The Philadelphia National Bank are generally aware of the amount of such lending limit and therefore do not make such a request. However, the following instances have occurred with respect to customers of The Philadelphia National Bank.

1. . . . Jenkintown, Pa. On August 21, 1957, this customer requested a revolving credit for \$1,500,000. In view of the outstanding commitments of The Philadelphia National Bank to this customer, the participation of the bank was limited to \$2,000,000. Participations were also given to Bank of America \$1,500,000, Girard Trust Corn Exchange Bank \$1,400,000, Provident Tradesmens Bank \$1,400,000, Fidelity-Philadelphia Trust Company \$1,200,000. This transaction is recorded in credit memoranda of April 16, 1957, August 2, 1957, August 13, 1957 and August 16, 1957.

On October 27, 1958 this customer requested a \$1,000,000 loan which The Philadelphia National Bank was unable to grant in full because of other outstanding commitments. A note for \$600,000 was substituted. The additional arrangements for the remainder of the loan are not known.

The average yearly balances of this customer for each of the five years preceding such events and the average [fol. 6131] balances thereafter are as follows:

1952—243.6	1957—889.0
1953—126.1	1958—588.0
1954—60.6	1959—313.1
1955—85.2	1960—351.0
1956—765.9	

(Figures expressed in thousands of dollars.)

2. . . . Merchantville, N.J. In 1957 the lines of credit of this company had reached the point where it was necessary to participate \$600,000 to the Capital Bank and Trust Company, Harrisburg, Pennsylvania (\$100,000) and the Bank of New York (\$500,000). The arrangements were confirmed by letters of the two banks dated November 8, 1957 and February 26, 1958 respectively.

In July 1960 this customer needed financing of approximately \$2,000,000 and it was finally arranged for the Manufacturers National Bank of Detroit to give a commitment of \$2,500,000 for this purpose.

3. . . . Philadelphia 34, Pa. In December 1960, this customer requested an increase in its regulation V loan commitment, which The Philadelphia National Bank granted. However, this increase brought the total lines to

the customer above the legal limit of the bank and a reduction of \$500,000 had to be made in the bank's commitment to . . . . The additional arrangements for this amount are not known. This transaction is recorded in a letter dated December 2, 1960 and in the minutes of the Executive Committee meeting of the same date.

[fol. 6132] GOVERNMENT'S EXHIBIT 147

Civil Action No. 29287

THE UNITED STATES OF AMERICA,

v.

THE PHILADELPHIA NATIONAL BANK AND GIRARD TRUST CORP  
EXCHANGE BANK

Questions Propounded by Plaintiff for Answer by  
Defendants

1. State the name and address of each correspondent bank of (a) Philadelphia National Bank or (b) Girard Trust Company and the amount each such correspondent bank had on deposit with both banks as of November 15, 1960.
2. (a) For each year during the period January 1, 1956 to December 31, 1960, and with respect to every loan of \$10,000 to \$100,000 made by Philadelphia National Bank or Girard Trust Company, state the name and address of each borrower, type of loan, amount of loan, the branch or home office from which each loan originated, and, in addition, state the number and dollar volume of each type of loan originating in (1) Philadelphia County, (2) the four county area (Philadelphia, Bucks, Delaware, and Montgomery), and (3) any other area, designating such area.
- (b) Provide the same information as above for every loan of \$100,001 to \$500,000.
- (c) Provide the same information as above for every loan of \$500,001 to \$1,000,000.
- (d) Provide the same information as above for every loan of \$1,000,001 or more.

3. During the period January 1, 1956 to December 31, 1960, and with respect to every line of credit granted by (a) Philadelphia National Bank or (b) Girard Trust Company, state the name of each such customer, address, business and line of credit extended, designating the branch or home office from which each such line of credit was granted. [fol. 6133] 4. If either Philadelphia National Bank or Girard Trust Company have been unable to make a loan or extend a line of credit to any of the then customers of the banks during the period January 1, 1956 to December 31, 1960, because such request exceeded the respective lending limit:

(a) State the name of each such customer, his or its address, type of loan, size of loan or line of credit requested and date of such request.

(b) State what each such customer did to meet his or its need, specifying the name of the bank or banks or other financial institutions that were able to extend the financial service required.

(c) State whether each such customer reduced his or its deposits with either bank as a result of being unable to get the loan or the line of credit requested and if so, state the name of such customer, the average deposit account carried with the bank concerned for each of the five years (or aliquot part thereof) immediately preceding such event and the average annual (or aliquot part thereof) deposit account subsequent thereto.

(d) Identify all minutes, correspondence, memoranda or other records that relate to each such customer whose credit needs could not be satisfied.

(e) Did either bank participate with any other bank that did make the loan requested and, if so, state the name of the customer, his or its address, type of loan, amount of loan, originating bank, participating banks, and amount of loan participated in by each bank concerned.

5. If either Philadelphia National Bank or Girard Trust Company have been unable to make a loan or extend a line [fol. 6134] of credit to any party not then a customer of the bank during the period January 1, 1956 to December



31, 1960, because such request exceeded the lending limit of the bank concerned:

(a) State the name of such party, his or its address, type of loan, size of loan or line of credit requested, and date of such request.

(b) State what that party did to meet his or its need, specifying the name of the bank or banks or other financial institutions that were able to extend the financial help requested.

(c) Identify all minutes, correspondence, memoranda or other records that relate to each such customer whose credit needs could not be satisfied.

(d) Did either bank participate with any other banks that did make the loan requested and, if so, state the name of the party, his or its address, type of loan, amount of loan, originating bank, participating banks and amount of loan participated in by each bank concerned.

6. Identify, by name and address, each borrower of (a) Philadelphia National Bank or (b) Girard Trust Company which, to the knowledge of either bank, has obtained a commercial and industrial loan from a commercial bank or banks in any city other than Philadelphia within the past five years, together with the amount of the loans then outstanding and the line of credit then in existence to such borrower from either defendant. Identify the bank or banks from which any such loan or line of credit was obtained.

7. With respect to page 103 of the merger application and during the period January 1, 1956 to December 31, 1960, state every instance in which Philadelphia National Bank or Girard Trust Company sold to any other bank or placed participations in any commercial loan, although [fol. 6135] participants were also depositors of the borrowers, identifying the name of the borrower, amount of loan, name of participating banks, and amount of such participations.

(a) Did the sale of such participations cause the borrower to reduce his deposit account or change his borrowing pattern to the detriment of either bank?

(1) If such change did occur, state the name of the borrower, address, average deposit account, if any, for each of the five years preceding the event, and average annual deposit account for each year thereafter, or such aliquot part thereof.

(2) If such change did occur, state the name of the borrower, address, and total borrowings or line of credit extended, if any, for each of the five years preceding the event and average annual borrowings or line of credit extended for each year or aliquot part thereafter.

(3) Identify all minutes, correspondence, memoranda or other records that relate to each such event.

8. During the period January 1, 1956 to December 31, 1960, state the number of loan participations in which either bank engaged, indicate the name of the borrower, address, type of business, type of loan, originating bank, participating banks, amount of each participation, and whether the borrower was a customer of either bank at the time.

(a) Identify all minutes, correspondence, memoranda or other records that relate to each transaction.

9. Identify each of the 26 manufacturing enterprises with "headquarters nearer to Philadelphia than to any other major banking center," as these terms are used on page 9 [fol. 6136] of the merger application, together with the amount and type of deposit each had on deposit with (a) Philadelphia National Bank or (b) Girard Trust Company, as of December 31, 1959 and December 31, 1960.

10. State, if known by defendant, the amount of deposits maintained by each enterprise identified in # 9 above, as of December 31, 1959 and December 31, 1960, in (a) other Philadelphia Commercial banks, (b) other commercial banks in the State of Pennsylvania and (c) any other commercial bank.

11. (a) For each year during the period January 1, 1956 to December 31, 1960, or such aliquot part thereof, state the name, address, business, and average annual demand deposit account of \$2,500 to \$25,000 for each individual, partnership, and corporation in Philadelphia National Bank or Girard Trust Company, identifying the branch or home

office in which the demand deposit account originated or is maintained, and, in addition, summarize such information by stating the number and dollar amount of such demand deposit accounts originating in (1) Philadelphia county, (2) the four county area (Philadelphia, Bucks, Delaware, and Montgomery), and (3) any other area, identifying such area.

(b) Provide the same information as above for every demand deposit account of \$25,001 to \$50,000.

(c) Provide the same information as above for every demand deposit account of \$50,001 to \$100,000.

(d) Provide the same information as above for every demand deposit account of \$100,001 to \$500,000.

(e) Provide the same information as above for every demand deposit account of \$500,001 to \$1,000,000.

(f) Provide the same information as above for every demand deposit account of \$1,000,001 or more.

12. During the period January 1, 1956 to December 31, 1960, or such aliquot part thereof, state the name and address [fol. 6137] and average demand deposit account of every bank that maintained a deposit account in (a) Philadelphia National Bank or (b) Girard Trust Company.

13. (a) For each year during the period January 1, 1956, to December 31, 1960, or such aliquot part thereof, state the name, address, business, and average annual time deposit account of \$2,500 to \$25,000 for each individual, partnership, and corporation in Philadelphia National Bank or Girard Trust Company, identifying the branch or home office in which the time deposit account originated or is maintained, and, in addition, summarize such information by stating the number and dollar amount of such time deposit accounts originating in (1) Philadelphia County, (2) the four county area (Philadelphia, Bucks, Delaware and Montgomery), and (3) any other area, identifying such area.

(b) Provide the same information as above for every time deposit account of \$25,001 to \$50,000.

(c) Provide the same information as above for every time deposit account of \$50,001 to \$100,000.

(d) Provide the same information as above for every time deposit account of \$100,001 to \$500,000.

(e) Provide the same information as above for every time deposit account of \$500,001 to \$1,000,000.

(f) Provide the same information as above for every time deposit account of \$1,000,001 or more.

14. With respect to each branch office and the home office of Philadelphia National Bank and Girard Trust Company, for each year during the period January 1, 1956 to December 31, 1960, or such aliquot part thereof as may be applicable, provide the following information:

(a) Distribution of assets;

(b) Statement of gross operating income, broken down by interest on loans, income from securities, other operating income;

[fol. 6138] (c) Statement of total operating expenses broken down by salaries or employee benefits and other operating expenses.

15. With respect to each *inter vivos* trust in which (a) Philadelphia National Bank or (b) Girard Trust Company acts as trustee, identify the settlor of each trust, domiciliary address (and also addresses of all other residences) at time created, date trust established, book value of the corpus of the trust, and market value thereof as of November 15, 1960.

16. With respect to each testamentary trust in which (a) Philadelphia National Bank or (b) Girard Trust Company acts as trustee, identify the Executor-Settlor of each such trust, domiciliary address of deceased at date of death (and also addresses of all other residences), market value of the corpus of the trust at date of death or at such time when assets were transferred to trustee and book value and market value as of November 15, 1960.

17. With respect to each estate in which (a) Philadelphia National Bank or (b) Girard Trust Company act as executor or administrator, state name of testator or intestate, domiciliary address (and also addresses of all residences), date of qualification of bank as executor or administrator, value of estate as determined for probate purposes and for federal estate tax requirements.

18. With respect to page 117 of the merger application, reference is made to custodian accounts. Describe nature

of services rendered in this connection, name of creator of the account, domiciliary address (and also all residences), book value of assets being administered and domiciliary addresses of beneficiaries.

19. With respect to page 117 of the merger application, reference is made to investment management accounts. State the name of the principal, domiciliary address (and also other residences) and book value and market value of [fol. 6139] assets being administered as of November 15, 1960.

20. With respect to pensions and profit sharing trusts in which (a) Philadelphia National Bank or (b) Girard Trust Company act as trustee, state name of the settlor of each trust, nature of settlor's business, domiciliary address (and also other residences), date trust was established, book value and market value as of November 15, 1960.

21. With respect to out-of-town divisions of Philadelphia National Bank or Girard Trust Company, state the name of the division, the geographic area encompassed, the number of persons assigned to each division, and the following information for each year, or aliquot part thereof, during the period January 1, 1956 to December 31, 1960:

(a) Customers of each such division, giving their address and type of business.

(b) Total loans and lines of credit extended to each such customer.

(c) Total deposits, demand or time, of each customer.

(d) Expenses incurred for each division.

22. With respect to the deposition of George H. Brown, Jr., (transcript page 85), in which it is stated that Girard Trust Company has participated in loans with some insurance companies, state for each year in the period January 1, 1956 to December 31, 1960, the number of such loans participated in by (a) Philadelphia National or (b) Girard Trust Company, the insurance companies involved, the total amount of loans, type of loan, term of loan, amount of participation by either bank, names of other participants and their respective amount of participation.

23. State the name and address of each institution other than a commercial bank which individually performs each



[fol. 6140] one of the commercial bank functions referred to in the third sentence of paragraph 5 of defendant's answer to the complaint.

24. For each institution identified in #23 above, state which is a competitor of Philadelphia National Bank or Girard Trust Company, and as to each such institution state:

- (a) For what services it is a competitor of defendant;
- (b) To what types of customers it extends such services;
- (c) In what geographic areas it competes with defendant;
- (d) The extent of such competition.

25. State the name and address of each commercial bank, other than the other defendant, which competes with your bank within:

- (a) Philadelphia county;
- (b) The counties of Philadelphia, Bucks, Delaware and Montgomery;
- (c) The HPC service area as claimed by defendant if different from (a) and (b) above; and
- (d) Any other area.

26. For each commercial bank identified in #25 (a), (b), (c), and (d), above state:

- (a) For what services it is a competitor of your bank;
- (b) To what types of customers it extends such services; and
- (c) The extent of such competition.

27. Identify the individual (or individuals) who prepared the estimates that appear on pages 43 to 71 of the merger application, describe the method of computation used in making such estimates, the sources of the figures relied on, [fol. 6141] and state whether that individual (or individuals) believes the estimates are derived from reliable sources.

28. With respect to paragraph 11 of the answer of defendant Philadelphia National Bank, state in detail the banking services and the geographic areas in which said bank does not compete with defendant Girard Trust Corn Exchange Bank.

29. State the name and address of each institution which the defendant banks, or either of them, claims to be in competition with either or both banks and describe the nature and extent of the competition claimed.

30. With respect to each home office and each branch of defendant banks state separately:

(a) Whether it is either claimed or believed that in excess of 1% by number or dollar value of the loans below \$10,000 originate outside the four county area (Philadelphia, Bucks, Delaware and Montgomery);

(b) Whether it is either claimed or believed that in excess of 1% by number or dollar value of deposits below \$2,500 originate outside the same four county area;

(c) If the answer to either (a) or (b) is in the affirmative state the percentage by number and dollar value of each category which it is claimed or believed originate outside the four county area and identify any such area by city or county from which it is claimed or believed that 1% or more of either category originate.

[fol. 6142] GOVERNMENT'S EXHIBIT 148.

Morgan, Lewis & Bockius  
Counselors at Law

2107 Fidelity-Philadelphia Trust Building  
Philadelphia 9, Pa.

May 3, 1961.

George D. Reycraft, Esq.,  
Antitrust Division,  
U. S. Department of Justice,  
Washington, D. C.

Re: United States of America v. The Philadelphia National  
Bank and Girard Trust Corn Exchange Bank, Civil  
Action # 29287, U.S.D.C., E.D., Pa.

DEAR MR. REYCRAFT:

Pursuant to our discussions of yesterday and today, I  
enclose herewith a memorandum summarizing the agreed  
modifications of your Questions Propounded by Plaintiff  
for Answer by Defendants. Please advise me promptly  
if you have any questions regarding the enclosure.

As requested by Judge Clary, we are sending a copy of  
this letter and the enclosed memorandum to him.

Very truly yours, —, —.

cc: Hon. Thomas J. Clary, 3074 United States Court  
House, Ninth and Chestnut Streets, Philadelphia 7, Pennsyl-  
vania.

[fol. 6143] THE UNITED STATES OF AMERICA,

v.

THE PHILADELPHIA NATIONAL BANK AND GIRARD TRUST CORP  
EXCHANGE BANK

Civil Action #29287

Modifications of Questions Propounded By Plaintiff on  
April 28, 1961, as Agreed Upon By Counsel for The Parties,  
May 2, 1961

Question 1. We will give the information requested in the amount of the average deposit during the month of June, 1960.

Question 2. We will give the information requested with respect to each loan of \$50,000 or over as of September 21, 1960. The address we will give for each borrower will be the county and state if in Pennsylvania or New Jersey, New York City as such, and the state if elsewhere. With respect to loans under \$50,000 we will give the same information, as of September 21, 1960, or other recent date, for one out of each 300 consumer credit loans and one out of each 50 other loans, selected at random.

Question 3. We will give the information requested (except the "business" of each customer) with respect to each line of \$50,000 or over as of September 21, 1960. The addresses will be given on the same basis as mentioned in Question 2. With respect to lines under \$50,000, we will give as of a recent date the aggregate number (excluding personal credit checks) for Girard and Philadelphia National and we will have Girard and Philadelphia National estimate the percentage thereof each has extended to borrowers in (a) Philadelphia, Bucks, Delaware and Montgomery Counties, Pennsylvania, and in (b) an area comprising those counties plus Chester County in Pennsylvania, New Castle County in Delaware, and Mercer, Burlington, Camden, Gloucester and Salem Counties in New Jersey.

Questions 7 and 8. We will have both Girard and Philadelphia National promptly make available all of the loan participations presently in effect which it sold to or placed with any other bank or in which it engaged so that you

may yourselves obtain the information requested. You will give us copies of any tables or other analyses you make therefrom. We will not collect or make available any of the materials requested in sub-part 8(a), but if after you examine the participations there are specific transactions with respect to which you desire the type of materials described in sub-part 8(a) we will do our best to make them available for your inspection.

Question 11. We will give the information requested (except the "business" of each depositor) with respect to each deposit of \$10,000 or over and the average balances thereof during the month of June, 1960. The addresses will be given on the same basis as mentioned in Question 2. With respect to deposits of under \$10,000 we will give the same information as of June, 1960 (or other recent date) for 500 such deposits for both banks, selected at random, proportioned between the banks on the basis of the aggregate number of such deposits of each bank.

Question 12. We will give the information requested in the amount of the average deposit during the month of June, 1960.

Question 13. We will give the information requested (except the "business" of each depositor) with respect to each time deposit (excluding savings deposits) of \$10,000 or over and the average balances thereof during the month of June, 1960. The addresses will be given on the same [fol. 6145] basis as mentioned in Question 2. We will as of a recent date (i) state the aggregate number of (a) time deposits under \$10,000 and (b) savings deposits of Girard and Philadelphia National, and (ii) estimate the percentages thereof in the 4-county and 11-county areas referred to in Question 3 above.

Questions 15 to 20, both inclusive. We will give the geographical distribution of all such accounts by number of accounts, by county in the 11-county area described above and by state outside of such area. Such distribution will be (a) based on the stated residence of the settlor, testator or other originator of each account as reflected in each bank's records, (b) classified into the types of accounts listed on page 117 of the Application to the Comptroller, and (c) stated as of a recent date.



Question 21. We will give you the names of the out-of-town divisions of Girard and of Philadelphia National, the number of persons assigned to each such division, the geographic areas covered by such divisions, and to the extent available the expenses incurred by such divisions.

Questions 30 will not be answered except to the extent the information requested is contained in the answers to other questions as described above.

[fol. 6146] GOVERNMENT'S EXHIBIT 149

MORGAN, LEWIS & BOCKIUS  
Counselors at Law

2107 Fidelity-Philadelphia Trust Building  
Philadelphia 9, Pa.

May 8, 1961,

Re: United States of America vs. The Philadelphia National Bank and Girard Trust Corn Exchange Bank Civil Action No. 29287

George D. Reycraft, Esquire,  
Antitrust Division,  
United States Department of Justice,  
Washington 25, D. C.

DEAR MR. REYCRRAFT:

We have prepared a program for the random sampling of loans under \$50,000 and demand deposits under \$10,000, and enclose herewith a copy for your information. This program was reviewed on Friday with Mr. O'Donnell of your office and he has expressed satisfaction.

On the assumption that the program will meet with your approval, the sampling procedures are being established immediately. Accordingly, if there are any points with respect to this program which you wish to raise, please let us know as promptly as possible.

Very truly yours, Ernest R. von Starck.

aps  
enclosure

[fol. 6147]

## PNB-Girard Merger

## Random Sampling of Loan Accounts Under \$50,000. and Demand Deposit Accounts Under \$10,000.

## I. Consumer Credit Loans:

## Information requested:

Name and address (county and state, if in Pennsylvania or New Jersey, New York City as such, and state if elsewhere) of each borrower, type of loan, amount of loan as of a recent date, branch or home office from which each loan originated.

## Sample requested:

1 out of 300.

## Comment:

Cards for consumer credit loans are kept in alphabetical order in each bank. Therefore it is suggested that a systematic sample be obtained, starting with 1, 301, 601, &c. for each bank.

## II. Loans under \$50,000., excluding consumer credit loans:

## Information requested:

Same as Consumer Credit Loans.

## Sample requested.

1 out of 50.

## Comment:

At PNB, these loans are divided among several departments in the main and 421 Chestnut St. offices and the branch offices. The branches keep separate files for mortgages and other loans. Girard's loans are kept on a centralized basis among several departments. In view of the division in PNB's branches between mortgages and other loans it is suggested that separate samples be made of these two types, using the same 1-50 ratio. It is suggested that a count be

[fol. 6148] made of the two types of loans and that theoretical consecutive numbers be assigned, taking the departments of the main office first and then the non-centralized branches in alphabetical order. Thus, if it is assumed that the main office has 3,000 loans of one type and each non-centralized branch office has 100, it would be assumed for sampling purposes that the loans in the main office were numbered 1 through 3,000, the loans in the first branch office were numbered 3001 through 3100, &c. A systematic sample should then be made starting with 1, 51, 101, &c.

### III. Demand Deposits under \$10,000.:

#### Information requested:

Name and address (as in I) of depositor, average balance as of a recent date, branch or home office in which the account originated or is maintained.

#### Sample requested:

500 cards total for both banks, proportionate to each bank's share of the aggregate number.

#### Comment:

It will be necessary for each bank to obtain its total number of demand deposits under \$10,000. in order to allocate the number of cards between banks. PNB has a central information department where cards are kept with the name and address of each customer of the bank. Assuming, for example, that PNB has 80,000 demand deposits under \$10,000. and Girard has 120,000, PNB's pro rata share would be 200 cards. Assuming again, that the total number of cards in PNB's central information department were 200,000 (because these cards would include customers with deposits over \$10,000., savings accounts and loan accounts), a systematic sample would be made for each 1,000 cards, starting with 1, 1001, 2001, &c. Instead of counting, this can be done by measuring. [fol. 6149] If the card that is pulled is not a demand deposit under \$10,000., it will be put back and the next higher numbered card which is a demand deposit under

\$10,000. will be used. However, the 1,000 count will continue from the point that the first card was picked. Girard has its cards arranged by business regular, individual regular, and special checking account. It can therefore divide its total by the number of cards needed and take the sample systematically, using the same procedure when an account over \$10,000. is picked out.

D.A.S.

[fol. 6150] GOVERNMENT'S EXHIBIT 150

Morgan, Lewis & Bockius  
Counselors at Law

2107 Fidelity-Philadelphia Trust Building  
Philadelphia 9, Pa.

December 9, 1953.

Re: The Philadelphia National Bank—The Montgomery  
National Bank of Norristown

Mr. L. A. Jennings,  
Deputy Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

DEAR MR. JENNINGS:

In accordance with our conversation of yesterday, I enclose herewith first draft copy of proposed Agreement of Merger of The Montgomery National Bank of Norristown into The Philadelphia National Bank. I would appreciate your comments and criticisms in view of the fact that we should like to present this matter to the respective Boards of Directors next Tuesday, December 15th.

With best wishes, I am

Very truly yours, Arthur Littleton.

n -  
enc.

Received Dec. 10, 1953. Comptroller of the Currency.

[fol. 6151]

Morgan, Lewis & Bockius  
Counselors at Law

2107 Fidelity-Philadelphia Trust Building  
Philadelphia 9, Pa.

December 15th, 1953.

L. A. Jennings, Esq.,  
Deputy Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

DEAR MR. JENNINGS:

I am enclosing herewith a copy of the proposed Agreement of Merger between The Philadelphia National Bank and Chester-Cambridge Bank and Trust Company, the original of which was signed by the Directors of The Philadelphia National Bank and also by the Directors of Chester-Cambridge Bank and Trust Company this morning. As I told you by telephone, this broke upon us over the weekend. We completed the drafting of the papers yesterday afternoon at about the time I talked with you by telephone, wherefore I was not able to get a draft copy in your hand before the Board meetings came along today. I would appreciate it if you would review it and let me have your comments and criticisms as soon as possible.

I say this because counsel for Chester-Cambridge tells me that, since reference to the other two mergers and to the proposed pension plan are made in the Agreement, his intention is to send copies of the Agreement to every one of the bank's shareholders along with the notice of the meeting, proxy statement, etc., and he wishes to get that notice out well in advance of Christmas.

Further, in accordance with our conversation of yesterday we are arranging that the letter which will be sent out by Montgomery will contain full information for each of its shareholders with respect to all the mergers and pension plan; and since a letter has already gone out from Lansdale to its shareholders prior to the Chester-Cambridge transaction, and since it contains therefore reference only to the Montgomery merger and pension plan, we are drafting [fol. 6152] a supplemental letter to be sent by registered mail by the President of Lansdale to each of its share-



holders giving the additional information about Chester-Cambridge. I shall see that you are furnished with copies of all of these letters.

I enclose herewith also draft of type of letter which Fred Potts will send out to Philadelphia Bank shareholders, which will serve the purpose of giving you certain additional information and also indicate to you the extent of the information with respect to each merger which we contemplate giving to shareholders of all the banks. With this letter I send to you a pro forma statement of condition as it would have been on September 30th had Philadelphia Bank, Lansdale, Montgomery and Chester-Cambridge been merged into one on that date.

I regret that the draft of the Chester-Cambridge agreement is a rather indistinct carbon, but we have not yet multilithed the agreement and had to work with typewritten copies for signature this morning.

Incidentally, the Montgomery National Directors also approved and signed their agreement this morning.

I believe that I gave you the proposed effective dates of the respective mergers, that is to say, Lansdale—January 30th, Montgomery—February 26th, Chester-Cambridge—March 26th.

Mr. Potts or Mr. Cooper at the Bank, and my partner Martin Snyder and I in this firm, are prepared to furnish you immediately such further information as you wish upon call from you.

With our thanks to you for your helpful cooperation in this as in all things, I am Sincerely,

Arthur Littleton.

MWS  
Enclosures

[fol. 6153]

## Pro-Forma Statement of Condition "PNB"—"L"—"M"—"CC"

September 30, 1953

Resources	PNB	L	M	CC	Adjustments	Combined
Cash and Due from Banks	\$252,195,052	\$ 3,500,928	\$ 1,833,190	\$ 5,249,611	—	\$259,831,151
U. S. Government Securities	177,593,328	2,745,500	6,444,594	13,772,706	—	200,556,128
Other Bonds and Investments	96,749,195	4,850,052	1,548,383	3,923,074	—	107,070,704
Loans and Discounts	321,280,683	5,596,827	1,845,168	6,892,788	—	335,596,466
Bank Buildings	—	121,942	89,723	200,910	—	412,576
Customer's Liability A/Cs of Acceptances	—	—	—	—	—	—
Other Resources	2,713,214 3,141,646	—	—	147,435	—	2,713,214 3,289,081
<b>Liabilities</b>	<b>\$853,643,119</b>	<b>\$16,815,249</b>	<b>\$11,761,058</b>	<b>\$30,186,524</b>	<b>—\$2,937,630</b>	<b>\$909,468,320</b>
Deposits	\$700,254,894	\$13,951,607	\$10,289,955	\$26,717,371	—	\$806,276,197
Bills Payable	10,000,000	—	—	—	—	10,000,000
Acceptances, Less Amount Held in Portfolio	—	—	—	—	—\$2,937,630(a)	—
Other Liabilities	2,756,486	—	—	—	—	2,756,486
Capital Stock	8,639,431	50,000	57,926	286,975	—	9,034,332
Surplus	14,880,000	400,000	200,000	1,050,000	—	16,393,333
Undivided Profits	41,120,000	1,700,000	1,000,000	1,050,000	136,667(b)	45,006,667
Reserve for Contingencies	15,992,308	527,470	213,177	1,063,678	—	17,796,633
	—	186,172	—	18,500	—	204,672
<b>Notes:—</b>	<b>\$853,643,119</b>	<b>\$16,815,249</b>	<b>\$11,761,058</b>	<b>\$30,186,524</b>	<b>—\$2,937,630</b>	<b>\$909,468,320</b>

(a) These are the deposits of Lansdale, Montgomery National and Chester-Cambridge in Philadelphia National, carried on their books as "Due from Banks", and on Philadelphia National's books as "Deposits".

(b) These adjustments are made between the combined Capital and Surplus of the four banks in order to carry the new shares, being issued under the proposed plan of merger, at Philadelphia National's stated par value of \$20 per share.

[fol. 6154]

GOVERNMENT'S EXHIBIT 151

Organized 1803

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THE PHILADELPHIA NATIONAL BANK  
Philadelphia-1, Pa.

July 22, 1955.

E. Lawrence Worstall,  
Vice President.

Hon. L. A. Jennings,  
Deputy Comptroller of the Currency,  
Treasury Department,  
Comptroller of the Currency,  
Washington 25, D. C.

DEAR MR. JENNINGS:

In the the absence of our President, Mr. Frederic A. Potts, who is on vacation, the writer acknowledges receipt of your letter of July 21st giving us your preliminary approval to the proposed merger of The Citizens National Bank and Trust Company of Pottstown, Pottstown, Pennsylvania, with The Philadelphia National Bank under the charter and title of the latter. We appreciate so much your very splendid cooperation and the guidance that you gave to the writer in the talk that we had together on this subject several weeks ago. We observe that you have approved the copy of the agreement to merge which, as Mr. M. P. Snyder has told you, has been signed by the majority of the Directors in each institution.

The new branch will be known as Citizens Office, The Philadelphia National Bank, and will be located at 401 High Street, Pottstown, Pennsylvania.

Thank you, also, for sending us a letter of general instructions and various other papers that are necessary for the consummation of this merger. We shall use meticulous care in completing the merger in entire accord with your wishes.

Counsel is now preparing the necessary number of conformed copies of the agreement to merge which they will forward to you promptly. It is our plan to hold a stockholders' meeting for both institutions at noon on Tuesday,

November 22nd, with the merger becoming effective at the close of business on Friday, December 9th, and the new [fol. 6155] office opening for business on Monday, December 12th. We believe that this will allow sufficient time between the stockholders' meeting and the effective date for your office to make the proper examination of the papers.

We shall keep in touch with you, and with kindest regards, I am

Sincerely yours, E. L. Worstall, Vice President.

ELW:MS

[fol. 6156]

GOVERNMENT'S EXHIBIT 152

Organized 1803

THE PHILADELPHIA NATIONAL BANK  
Philadelphia-1, Pa.

September 27, 1955.

E. Lawrence Worstall,  
Vice President.

Hon. L. A. Jennings,  
Deputy Comptroller of the Currency,  
Treasury Department,  
Comptroller of the Currency,  
Washington 25, D. C.

DEAR MR. JENNINGS:

Thank you so much for the courtesy that you extended to me upon my recent visit with you in Washington. We have proceeded in consummating the negotiations for a merger between the Hatboro National Bank, Hatboro, Pennsylvania, and our institution. The Directors of Hatboro have approved and have signed the agreement. Our Directors will consider the matter at their regular meeting on Tuesday, October 4th.

In the meantime, we are sending to you a copy of the proposed Agreement of Merger which is patterned after the ideas that were given to us by you and Mr. W. J. Rusch. May I add that Mr. Rusch was extremely helpful and loaned me the attached papers which I promised to return to him.

I trust you will find the agreement to your liking and as soon as it has been fully executed we will send you a completed copy.

With appreciation and every good wish, I am

Sincerely yours, E. L. Worstall, Vice President.

ELW:MS  
enclosures

Received September 28, 1955, Comptroller of the Currency.

[fol. 6157] GOVERNMENT'S EXHIBIT 153

Organized 1803

THE PHILADELPHIA NATIONAL BANK  
Philadelphia-1, Pa.

July 18, 1956.

Frederic A. Potts,  
President.

Honorable Ray M. Gidney,  
Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

DEAR MR. GIDNEY:

Arthur Littleton, Wistar MacLaren and I thoroughly enjoyed our visit with you and Mr. Jennings yesterday when we reviewed in a preliminary manner the actions that have been taken by the Boards of Directors of the Delaware Valley Bank and Trust Company, Bristol, Pennsylvania, and The Philadelphia National Bank looking toward a merger of these two institutions. Please accept this letter as a formal request for approval of the Comptroller of the Currency to the proposed merger.

You have in your possession a copy of the Agreement of Merger dated July 12, 1956, signed by members of both Boards of Directors. The Agreement calls for the shareholders of the Delaware Valley Bank and Trust Company



to receive fifty-five one hundredths ( $55/100$ th) share of The Philadelphia National Bank for each share now held by them. Our Bank presently has 832,416  $\frac{2}{3}$  shares outstanding and if the proposed merger receives your approval and the approval of the shareholders of both institutions 50,187  $\frac{1}{2}$  additional shares of The Philadelphia National Bank will be issued to the shareholders of the Delaware Valley Bank and Trust Company, making a total of 882,604  $\frac{1}{6}$  shares to be outstanding for this Bank upon completion of the merger.

Since the United States Steel Corporation constructed a very extensive plant in the Bristol area, the communities in which the Delaware Valley Bank and Trust Company have offices have grown to substantial proportions and the Bank itself has enjoyed splendid progress. We feel extremely fortunate in having consummated our negotiations to this point as I am sure you will agree with us, from the data that we left with you yesterday, that the area is flourishing and promising. The Bank has five offices in Bucks County—Bristol, Levittown, Midway, Yearley and Southampton. These communities are located at distances from our Head Office in Philadelphia varying from seventeen to twenty-six miles. The offices are modern and satisfactorily managed.

[fol. 6158] In accordance with your request, we are preparing a list of our customers that are already located in the area of the five offices of the Delaware Valley Bank and Trust Company and shall forward this to you as promptly as possible.

Please be sure to let me know if there is anything additional that I can do to help you on your deliberations. This proposed merger is a very important and progressive step for The Philadelphia National Bank and we sincerely hope that it will receive your approval.

Sincerely yours, Frederic A. Potts, President.

[fol. 6159] GOVERNMENT'S EXHIBIT 158

Organized 1803

THE PHILADELPHIA NATIONAL BANK  
Philadelphia-1, Pa.

April 23, 1958.

Frederic A. Potts,  
President.

Honorable R. M. Gidney,  
Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

DEAR MR. GIDNEY:

For some time we have been aware of the desirability of establishing a branch in the King of Prussia area of Upper Merion Township, Montgomery County, Pennsylvania. There has been an increase in the population of the area since 1950 of almost 100 per cent, with further increases to come as the result of the residential developments planned.

In addition, plans have been announced for the development of over 900 acres for an industrial park, shopping center and other industry use.

We are conducting a survey to determine the best location in the area and believe that the area, when developed, will more than adequately support additional banking facilities.

Please consider this letter as our request to commence whatever action is necessary in obtaining your approval for the establishment of a branch in this area with such growth potential.

Very truly yours,

Frederic A. Potts, President.

PAP:J  
8 Local Branches.  
— Outside.

Card made, entered 4-24-58. N.S.B.

Rejected. (reapplied 2-16-60 and again rejected; see attached).

[fol. 6160] GOVERNMENT'S EXHIBIT 161

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
Washington 25, D. C.Address Official Correspondence  
to the Board

March 1, 1961.

W. Wallace Kirkpatrick, Esquire,  
Acting Assistant Attorney General,  
Antitrust Division,  
Department of Justice,  
Washington 25, D. C.

DEAR MR. KIRKPATRICK:

Pursuant to the understanding in the Board's letter dated August 3, 1960, there are enclosed copies of certain reports on competitive factors that the Board has sent to the Comptroller of the Currency with respect to applications submitted under Public Law 86-463. These reports have to do with applications on which we are advised that agency now has taken action.

Very truly yours, Elizabeth L. Carmichael, Assistant Secretary.

Enclosures.

Report on proposed consolidation of First Westchester National Bank of New Rochelle, New Rochelle, and First National Bank and Trust Company of Ossining, Ossining, New York.

Report on proposed consolidation of The Philadelphia National Bank, Philadelphia, Pennsylvania, and Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania.

[fol. 6161] REPORT BY THE BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

To the Comptroller of the Currency, under section 18(c) of the Federal Deposit Insurance Act, as amended, on the competitive factors involved in the proposed consolidation of The Philadelphia National Bank, Philadelphia, Penn-

sylvania and Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania.

### I. The Proposal.

The Philadelphia National Bank, Philadelphia, Pennsylvania (deposits \$986,624,000 as of October 3, 1960), and Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania, a State member bank (deposits \$668,823,000 as of October 3, 1960), have made application for prior written consent of the Comptroller of the Currency to consolidate under the charter of the national bank and with the title Philadelphia Girard National Bank and Trust Company. All 39 offices (includes one authorized branch not yet opened) of Girard Trust Corn Exchange Bank would be operated as branches of the national bank. One branch of the national bank would be closed.

### II. The Communities.

The application indicates the primary banking area embraces the Counties of Philadelphia, Delaware, Montgomery, and Bucks in Pennsylvania, the Cities of Camden and Trenton in New Jersey, certain smaller New Jersey communities, and the City of Wilmington in Delaware.

Under Pennsylvania law, a bank may have branch offices in counties where the head office is located and in counties contiguous to the head office county. The Counties of Delaware, Montgomery, and Bucks are contiguous with Philadelphia County. Philadelphia National Bank has offices in all four of these counties. Girard Trust Corn Exchange Bank has no offices in Bucks County but has offices in the other three counties.

Philadelphia currently is referred to as the heart of the "Delaware Valley Area" a geographical designation which, roughly, coincides with the primary banking area set forth in the application. However, it would seem more reasonable to consider the primary banking area as being represented by the four counties in Pennsylvania and not the Delaware Valley. While Philadelphia banks compete for some of the major accounts in the aforesaid sections in [fol. 6162] New Jersey and Delaware as they do in many up-State counties in Pennsylvania and elsewhere, by law

they may not have offices in these sections, and it is in the four-county area where the principal competitive impact of the proposal will fall and not in the out-of-State areas. This appears to be supported by views of bank examiners as expressed in the confidential sections of examination reports on national banks and State member banks. In all cases involving Philadelphia, Camden, Trenton, and Wilmington banks, the examiners indicate the primary competition is represented by the banks in the city where the subject institution is located.

The application seeks to imply that the competitive effect of the proposal would have little impact on not only the four-county area, but the primary area as set forth in the application. This is based on the premise that considerable business of Philadelphia National is generated outside the specified primary area. However, much of the business of all major Philadelphia banks is generated outside of the specified primary area, although Philadelphia National may have more proportionately than others.

The unique characteristics of the major Philadelphia banks are changing and have been changing for several years. They are becoming more alike. The principal competitive effects of the proposal will, therefore, be local and not international or national.

Philadelphia is the fourth largest city in the country (the boundaries of the City of Philadelphia and the County of Philadelphia are identical). Figures for the 1950 census and the 1960 census for the four Pennsylvania counties included in the primary banking area are as follows:

	1950	1960	% Change
Philadelphia.....	2,071,605	1,971,239	-4.8
Delaware.....	414,234	551,122	+33.0
Montgomery.....	353,068	515,790	+46.1
Bucks.....	144,620	307,560	+112.7
	<u>2,983,527</u>	<u>3,345,711</u>	<u>+12.1</u>

Economically, the Philadelphia four-county area is an industrial center, a commercial center, and a port. Industry is widely diversified and includes textiles, oil refining, steel, metal fabricating, electronics, ship building, printing and publishing, and chemicals. Most of the tonnage of the port is represented by imports of oil and iron ore. Cur-



rently the economic situation is somewhat similar to the national pattern, although unemployment is somewhat larger than the national average.

### III. Competition Between the Two Institutions.

The two institutions rank second and third in deposit size and compete strongly with all other major commercial banks in Philadelphia and with each other. Essentially they are engaged in the same type of business. The differences in the types of operations in which they are engaged are minor.

[fol. 6163] The following comparative analysis of loans and deposits as of June 30, 1960, reflects the strong similarity of the two institutions in these categories:

Loan account	Philadelphia National (000 omitted)	Per Cent	Girard Trust (000 omitted)	Per Cent
Commercial and industrial	306,587	56.6	200,001	49.0
Loans to farmers	178	Neg.	92	Neg.
Single payment loans to individuals	24,200	4.5	71,572	17.5
Real estate loans	62,781	11.6	32,950	8.1
Brokers and dealers in securities	133	Neg.	2,632	.6
Other loans on securities	1,586	.3	897	.2
Installment loans	68,005	12.5	50,567	12.4
All other loans	78,435	14.5	49,916	12.2
<b>Total loans and discounts</b>				
—gross	541,905	100.0	408,627	100.0
<b>Deposits</b>				
<b>Demand deposits</b>				
IPC	510,501	55.2	429,440	66.0
United States Government	62,806	6.8	30,142	4.6
States and political subdivisions	38,936	4.2	10,494	1.6
Banks	167,879	18.2	45,387	7.0
Certified and officers' checks	4,984	.5	5,570	.9
Other demand deposits	1,868	.2	227	Neg.
<b>Total demand deposits</b>	786,974	85.1	521,260	80.1
<b>Time deposits</b>				
IPC	113,409	12.3	122,087	18.8
United States Government	—0—	—0—	7	Neg.
States and political subdivisions	9,437	1.0	3,536	.5
Banks	14,675	1.6	3,900	.6
<b>Total time deposits</b>	137,521	14.9	129,530	19.9
<b>Total deposits</b>	924,495	100.0	650,790	100.0

While they are competing for essentially the same types of business and the same types of customers, the competitive strength of the two institutions differs substantially with respect to two important types of operations. Philadelphia National Bank, long a traditional "bankers' bank" in Philadelphia, has a much larger proportion of correspondent bank balances. On the other hand, Girard Trust Corn Exchange Bank is far ahead of Philadelphia National Bank in the trust field. Nevertheless, competition between the two in both these fields is strong.

[fol. 6164]. The head offices of the two institutions are located across the street from each other and compete directly in overlapping trade areas.

The following table reflects the distribution of banking offices currently being operated by the applicants by counties:

County	Philadelphia National	Girard Trust
Philadelphia County .....	10	20
Bucks County .....	5	0
Delaware County .....	4	12
Montgomery County .....	7	6
	<u>26</u>	<u>38</u>

In addition to the above, Philadelphia National has approval for another branch in Philadelphia and another in Delaware County which are not yet opened, and Girard Trust has approval for another branch in Philadelphia which is not yet open.

A branch of Philadelphia National and one of Girard Trust are situated next door to each other at 69th Street in Upper Darby. The proposal contemplates that the office of Philadelphia National at this location would be closed. A review of the schedules of branch offices discloses that the locations of an additional five branches of Philadelphia National are such as to afford some measure of competition for certain branches of Girard Trust. However, in each of these instances an office of another competing bank is closer than is the office of Girard Trust. The majority of the offices of the two applicants do not appear to serve overlapping trade areas; nevertheless, banks of this size operating numerous branches scattered throughout a metropolitan area offer widespread competition.

Based on figures in the application, it appears that 46 per cent of Philadelphia National Bank's IPC deposits are attributable to the main office and 44 per cent of Girard's IPC deposits are attributable to its main office.

The application indicates 392 common checking deposit accounts with balances of \$10,000 or over aggregating \$163,820,700 at Philadelphia National, and \$101,782,700 at Girard Trust.

Eight common time deposit accounts with balances of at least \$10,000 aggregate \$1,149,400 in Philadelphia National, and \$3,094,000 in Girard Trust. Thirty-six common savings deposit accounts with balances of at least \$10,000 aggregate \$736,400 in Philadelphia National, and \$589,500 in Girard Trust. Both banks pay maximum interest rates permitted on time and savings accounts.

Sixty-seven common borrowers have outstanding loans aggregating \$48,949,000 at Philadelphia National, and \$43,599,000 at Girard Trust. With respect to interest rates and service charges on loans, the application states as follows: "The rates of interest charged on loans and the [fol. 6165] service charges "imposed by each of the participants and the competitor commercial banks could best be described as flexible reflecting highly developed competition. While charges for specific services, or rates on a given category of loans may vary from bank to bank, on balance they have a tendency to equalize because of competitive factors." The schedules of service charges of the two applicants are not entirely uniform. The application indicates that in general the resulting bank would adopt the higher charge where differences exist.

Both institutions operate trust departments. The application indicates that Philadelphia National holds personal trust assets of market value of \$361,300,000 compared to the holdings of Girard Trust valued at \$2,248,206,000. The Reserve Bank is confided that Girard Trust has the largest personal trust department in the four-county area, and it is estimated that resulting bank would have above one-third of the four-county area personal trust business.

From the foregoing, it is clear that a substantial degree of competition exists between the two institutions.

#### IV. Effect on Other Institutions.

Forty-three commercial banks in the Philadelphia four-county area held deposits of \$4,623,007,000 and operated a total of 283 banking offices as of October 3, 1960. The following schedule reflects the total and IPC deposits and number of offices of these banks and the percentages as of October 3, 1960:

[fol. 6166]

Name of Bank	Total Deposits (000 omitted)	Per Cent	IPC Deposits (000 omitted)	Per Cent	Banking Officers	Per Cent
Philadelphia National Bank	986,634	21.3	603,534	16.8	26	9.2
Girard Trust Corn Exchange Bank	668,823	14.5	560,039	15.6	38	13.4
	<u>1,655,457</u>	<u>35.8</u>	<u>1,163,573</u>	<u>32.4</u>	<u>64</u>	<u>22.6</u>
First Pennsylvania Banking & Trust Co., Philadelphia	1,021,841	22.1	761,055	21.1	38	13.4
Provident Tradesmens Bank & Trust Co., Philadelphia	457,082	9.9	378,294	10.5	20	7.1
Fidelity-Philadelphia Trust Co., Philadelphia	431,013	9.3	358,408	9.9	27	9.5
Central-Penn National Bank, Philadelphia	241,506	5.2	205,823	5.7	18	6.3
Broad Street Trust Co., Philadelphia (nonmember)	132,220	2.9	115,598	3.2	16	5.7
Liberty Real Estate Bank & Trust Co., Philadelphia (nonmember)	93,599	2.0	85,747	2.4	9	3.2
Nine other commercial banks with head offices in Philadelphia	146,948	3.2	134,535	3.8	23	8.1
Montgomery County Bank & Trust Co., Norristown (Mont- gomery County)	85,165	1.8	78,825	2.2	11	3.9
Fifteen other commercial banks with head offices in Mont- gomery County	190,474	4.1	174,574	4.9	33	11.7
Delaware County National Bank, Chester (Delaware County)	72,948	1.6	55,096	1.5	9	3.2
Nine commercial banks with head offices in Bucks County	94,754	2.1	87,173	2.4	15	5.3
	<u>4,623,007</u>	<u>100.0</u>	<u>3,598,701</u>	<u>100.0</u>	<u>283</u>	<u>100.0</u>



[fol. 6167] The following schedule shows due to bank deposits held by certain banks in the four-county area. The amount of such deposits is significant in only six of the banks and they ranked on October 3, 1960, as follows:

Name of Bank	Amount (000 omitted)	Per Cent
Philadelphia National Bank	208,012	39.0
Girard Trust Corn Exchange Bank	55,099	10.3
	<u>263,111</u>	<u>49.3</u>
First Pennsylvania Banking & Trust Co., Philadelphia	176,480	33.1
Fidelity-Philadelphia Trust Co., Philadelphia	40,049	7.6
Provident Tradesmens Bank & Trust Co., Philadelphia	38,341	7.2
Central-Penn National Bank, Philadelphia	15,228	2.8
	<u>533,209</u>	<u>100.0</u>

Total loans (net) and total book capital funds of the banks in the four-county area on October 3, 1960, were as follows:

Name of Bank	Total loans (000 omitted)	Per Cent	Total capital (000 omitted)	Per Cent
Philadelphia National Bank	548,598	19.8	94,590	19.6
Girard Trust Corn Exchange Bank	406,660	14.6	74,981	15.5
	<u>955,258</u>	<u>34.4</u>	<u>169,571</u>	<u>35.1</u>
First Pennsylvania Banking & Trust Co., Philadelphia	658,718	23.8	95,314	19.7
Provident Tradesmens Bank & Trust Co., Philadelphia	282,064	10.2	57,776	12.0
Fidelity-Philadelphia Trust Co., Philadelphia	252,794	9.1	43,702	9.0
Central-Penn National Bank, Philadelphia	165,446	6.0	25,079	5.2
Broad Street Trust Co., Philadelphia (nonmember)	99,102	3.6	12,560	2.6
Liberty Real Estate Bank & Trust Co., Philadelphia (nonmember)	61,687	2.2	8,997	1.9
Nine other commercial banks with head offices in Philadelphia	80,817	2.9	24,529	5.1
Montgomery County Bank & Trust Co., Norristown (Montgomery County)	42,195	1.5	10,043	2.1
Fifteen other commercial banks with head offices in Montgomery County	97,519	3.5	20,411	4.2
Delaware County National Bank, Chester (Delaware County)	27,715	1.0	4,182	.9
Nine commercial banks with head offices in Bucks County	50,934	1.8	10,676	2.2
	<u>2,774,249</u>	<u>100.0</u>	<u>482,840</u>	<u>100.0</u>

[fol. 6168] The foregoing analyses have been directed toward the position of the resulting bank in relation to certain other banks and to aggregates of other banks in the area. The following comparisons give some indication of the effect of the proposal with respect to the competitive balances in the four-county area as measured by ranking the resulting bank with the four next largest banks in various categories.

#### 1. Total deposits.

Resulting bank would be number one. It would be 62 per cent greater than number two (First Pennsylvania); 262 per cent greater than number three (Provident); 284 per cent greater than number four (Fidelity); 585 per cent greater than number five (Central-Penn).

#### 2. IPC deposits.

Resulting bank would be number one. It would be 53 per cent greater than number two (First Pennsylvania); 208 per cent greater than number three (Provident); 225 per cent greater than number four (Fidelity); 465 per cent greater than number five (Central-Penn).

#### 3. Due to bank deposits.

Resulting bank would be number one. It would be 49 per cent greater than number two (First Pennsylvania); 557 per cent greater than number three (Fidelity); 586 per cent greater than number four (Provident); 1,628 per cent greater than number five (Central-Penn).

#### 4. Total loans.

Resulting bank would be number one. It would be 45 per cent greater than number two (First Pennsylvania); 239 per cent greater than number three (Provident); 277 per cent greater than number four (Fidelity); 477 per cent greater than number five (Central-Penn).

### 5. Total book capital.

Resulting bank would be number one. It would be 78 per cent greater than number two (First Pennsylvania); 193 per cent greater than number three (Provident); 288 per cent greater than number four (Fidelity); 576 per cent greater than number five (Central-Penn).

### 6. Trust department operations.

Resulting bank would be number one with respect to personal trust departments.

### [fol. 6169] 7. Number of banking offices.

Resulting bank would be number one. It would be 68 per cent greater than number two (First Pennsylvania); 137 per cent greater than number three (Fidelity); 220 per cent greater than number four (Provident); 256 per cent greater than number five (Central-Penn).

Philadelphia National currently occupies first position in only one of the aforementioned categories; namely, due to bank deposits, although it is in a virtual tie with First Pennsylvania Company with regard to first positions in total deposits and total book capital. Girard Trust currently occupies first position only with respect to personal trust department operations and is in a tie for first position with First Pennsylvania Company in number of banking offices.

At the present time the two largest banks in the four-county area, namely, Philadelphia National and First Pennsylvania Company, are fairly close to being equal in competitive power. Philadelphia National leads significantly with respect to correspondent banking and First Pennsylvania is significantly ahead of Philadelphia National with respect to trust operations and number of offices. There are three other banks which are somewhat behind the two front runners but not so far behind as to be unable to furnish them with strong competition. These three banks are Girard Trust, Provident Tradesmens, and Fidelity-Philadelphia. Of these three, Girard Trust is the nearest to the

two leaders and is ahead of both of them in personal trust operations and equals one of them in number of offices.

If the consolidation is consummated, this situation would change sharply. The resulting bank would be far ahead of any other bank in measured categories. The lead over the number two bank would be quite significant and the lead over the other two (reduced from three as a result of the consolidation) would be most substantial. This is illustrated rather clearly by taking the total deposits of the number one bank (First Pennsylvania) before the consolidation as 100 and taking the total deposits of the number one bank (Philadelphia Girard National) after the consolidation as 100 and comparing them percentagewise with their competitors of prominence.

	Before Consolidation	After Consolidation
Bank No. 1.....	100	100
Bank No. 2.....	97	62
Bank No. 3.....	65	28
Bank No. 4.....	45	26
Bank No. 5.....	42	••

\* This would be Central-Penn; the percentage after consolidation for Central-Penn would be 15.

[fol. 6170] According to the application, the amount of capital funds of the resulting bank would be of considerable significance since it would enable the resulting bank to compete much more strongly with banks in other large cities for business, especially loan business, of large concerns. If this is true, the consolidation would have an even greater impact on the local competitive situation because the resulting bank would be able to grant to a single borrower loans 78 per cent larger than its nearest rival and 493 per cent larger than the bank in third position. Therefore, it seems reasonable to believe the proposal would give the resulting bank a substantial lead in the big account category and place it in a strong position to expand that lead considerably.

Coupled with the large capital account to attract large business would be the large number of offices to attract small business. The resulting bank would have 68 per cent more offices than its nearest rival and 137 per cent more than the bank in third position.

The proposal would place the resulting bank in a posi-

tion substantially better than any other bank to compete for business, both large and small. Add to this the lead of the bank in both correspondent banking and trust operations, and it seems clear that the present competitive balances in Philadelphia banks would be greatly altered.

In addition to commercial banks, the area is served by four mutual savings banks with head offices in Philadelphia operating a total of 63 offices in the four-county area and having deposits aggregating \$1,811,594,000. There are also 421 savings, building and loan associations in the four-county area with savings aggregating \$1,752,900,000. In addition there are numerous credit unions, insurance companies, sales finance companies, and personal loan companies.

#### V. Conclusions.

The proposed consolidation of two of the three largest banks in the area would substantially lessen both existing and potential competition. The resulting bank would obtain a dominant position, with attending competitive advantages, strongly adverse to the preservation of effective competition.

[fol. 6171] GOVERNMENT'S EXHIBIT 162

DEPARTMENT OF JUSTICE  
Washington

Assistant Attorney General

January 19, 1961.

Honorable Ray M. Gidney,  
Comptroller of the Currency,  
Treasury Department,  
Washington 25, D. C.

MY DEAR MR. GIDNEY:

This report is submitted in response to your letters of November 30, and December 21, 1960, requesting a report, pursuant to the provisions of Section 18(c) of the FDIC Act, on the competitive factors involved in the proposed



merger of the Philadelphia National Bank and the Girard Trust Corn Exchange Bank, both of Philadelphia, Pennsylvania.

### Relevant Market

The proposed merger of Girard Trust Corn Exchange Bank into the Philadelphia National Bank would affect competition in the field of commercial banking in several geographic areas. As the banks' merger application points out (p. 121), "the field of competition of the resulting bank will be local, regional, national and even international." The competitive effect of the merger on a regional, national or international level results primarily from the fact that part of the business of the merging banks involves the making of loans to large corporations whose operations extend beyond the local level. In spite of this fact, commercial banking, and the business of the merging banks, is essentially local in character, and the impact on competition of the merger can most appropriately be measured in such an area. As the Federal Reserve Board in the *Transamerica* case<sup>1</sup> stated,

Because of the frequency of need for access to one or more of the services of commercial banks, such banks draw their business largely from areas within [fol. 6172] which customers may conveniently visit the banks as occasion may require. Thus, in this aspect of their customer relations, commercial banks are largely local, and for the usually needed customer services a distant bank cannot adequately serve a customer. Very large concerns with national credit standing have access to credit from banks in many parts of the country and may also maintain accounts in widely scattered banks. This does not apply, however, to the great multitude of the customers of commercial banks. The smaller concerns, local business enterprises, and ordinary citizens must depend upon their local commercial bank or banks for the financial serv-

<sup>1</sup> In the Matter of Transamerica Corp., 38 Federal Reserve Bull. 368, 383 (1952). See also 206 F. 2d 163, 167 (3rd Cir. 1953)

ices peculiar to such banks; for all these customers there is no alternative or substitute, because distantly located banks do not serve or supply their needs.

The primarily local nature of the merging banks business is plainly revealed by the fact that their service areas, as defined by the areas from which 75% of their IPC deposits are drawn, are limited to the City of Philadelphia and the immediately surrounding counties of Pennsylvania, New Jersey and Delaware. Other tests indicate that even smaller areas may also be appropriate for measurement of the competitive effects of the subject merger. For example, 75% of the number of commercial and industrial loans for each bank originate within areas which are somewhat smaller than the IPC "service areas" and which exclude the cities of Trenton, New Jersey, and Wilmington, Delaware.<sup>2</sup>

The City of Philadelphia may also be an appropriate area for measurement of the competitive effects of the merger, and in fact the banks' merger application compares the shares of personal trust and commercial credit business accounted for by each Philadelphia commercial bank. Areas smaller than the City of Philadelphia, however, do not appear to be significant for the measurement of competitive effects. Although individual branches may draw nearly all their deposits from their immediate neighborhoods, even the smallest individual or business borrowers or depositors are clearly not dependent on bank branches in such local areas for their banking needs.

[fol. 6173]

#### The Banks

The Philadelphia National Bank is at the present time the second largest bank in Philadelphia. It operates 28

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<sup>2</sup> Much larger areas are needed to account for 75% of the total amount of the banks' commercial and industrial loans. Thus only 55% of the total amount of Philadelphia National's commercial and industrial loans originate within the area which accounts for 75% of the number of loans. This difference reflects the fact that while many of the banks' larger loans may be made to large corporations located over a wide area, the great majority of their business loans are made to local Philadelphia companies.

branch banking offices and, as of June 30, 1960, had total assets of \$1,064,335,000, total deposits of \$924,495,000, and total loans and discounts of \$523,612,000—approximately 22% of the totals for all Philadelphia banks. It is second in size only to the First Pennsylvania Banking and Trust Company, which, as of December 31, 1959, had assets of \$1,221,000,000. Although Philadelphia National has a substantial volume of loans in nearly all categories, commercial and industrial loans account for approximately 57% of its total loans with the remainder being divided primarily between installment loans and real estate loans. Philadelphia National has been a party to nine mergers since 1950.

Girard Trust Corn Exchange Bank is the third largest bank in Philadelphia. It operates 39 banking offices and, as of June 30, 1960, had total assets of \$740,920,000, total deposits of \$650,790,000, and total loans and discounts of \$399,362,000—approximately 15% of the totals for all Philadelphia banks. Approximately 49% of Girard Trust's total loans are in the commercial and industrial category with installment loans and real estate loans following in that order. Girard Trust also conducts a very substantial personal and corporate trust business. This bank was formed by the 1951 merger of the Girard Trust Company with the Corn Exchange National Bank and Trust Company. Since that time it has been a party to five mergers.

### Competitive Effects

1. The merger would eliminate substantial presently existing competition between Philadelphia National and Girard Trust.

The banking competition which Congress intended to be protected by Section 18 of the FDIC Act is described in both the House and Senate Committee reports<sup>3</sup> in the following terms:

Vigorous competition between strong, aggressive, and sound banks is highly desirable; lack of competi-

<sup>3</sup> H. Rept: No. 1416, 86th Cong., 2d Sess., (1960), p. 3; S. Rept: No. 196, 86th Cong., 1st Sess., (1959), p. 16.

tion, restraints on competition, and monopolistic practices are undesirable. Competition in banking takes many forms—competition for deposits by individuals and corporations and by personal and business depositors; competition for individual, business, and Governmental loans; competition for services of various sorts. Competition for deposits increases [fol. 6174] the amounts available for loans for the development and growth of the Nation's industry and commerce. Competition for loans gives the borrowers better terms and better service and furthers the development of industry and commerce. Vigorous competition in banking stimulates competition in the entire economy, in industry, commerce, and trade.

The merger application submitted by Philadelphia National and Girard Trust clearly shows that they are at the present time vigorous competitors. Although the business of the two banks differs in some respects, both offer a complete range of commercial banking services. Furthermore, commercial and industrial loans constitute by far the largest portion of the total loans for both banks (57% in the case of Philadelphia National and 49% for Girard Trust).

Competition is also indicated by the banks' substantial number of common borrowers and depositors. Thus the banks have 392 mutual checking accounts, representing total balances of \$265,603,400; 44 mutual time and savings accounts exceeding \$10,000, representing total balances of \$5,568,300; and 67 common borrowers representing total loans of \$92,548,000.

The proposed merger would of course eliminate this presently existing competition between Philadelphia's second and third largest banks.

## 2. The merger would eliminate a substantial independent source of banking services

A second important effect of the proposed consolidation would be the elimination of one of the major Philadelphia banks making independent decisions as to what terms and

services to offer prospective depositors, borrowers and other customers. The elimination of such independent sources of banking services affects the industry and commerce served by the banking system as well as competition in the banking system itself. Congress' concern with such effects of bank mergers is specifically expressed in the Report of the House Banking and Currency Committee.<sup>4</sup>

The narrowing of sources of credit which results from the merger of commercial banks may have an important effect upon the ability of borrowers to compete in their various industries and may be of particular importance to small businesses. This is made clear by two studies included in the Report, *Financing Small Business*, made by the Federal Reserve System to the Committees on Banking and Currency and the Select Committees on Small Business [fol. 6175] (85th Cong., 2d Sess., April 11, 1958). According to the first of these studies,<sup>5</sup> "The most important group of short- and intermediate-term lenders to small business are the commercial banks." In a Commerce Department survey, cited by the study, bank loans constituted nearly 80% of all loans made to established small and intermediate size businesses and nearly 70% of all loans to new firms.

The second study,<sup>6</sup> which is based upon the Federal Reserve Board's 1957 business loan survey, concurs in the conclusion that, "Commercial banks are, by far, the largest single institutional suppliers of funds to small business." The study goes on to state:

Data from the business-loan survey indicate that in October 1957 member banks had outstanding to small businesses 685,000 individual loans involving \$6.9 billion. More than any other single group in the financial community, commercial bankers have close connections with small-business men, both through their boards of directors and customers. Thus, they are familiar with the activities and problems of small business from daily contact. [p. 396]

<sup>4</sup> H. Rept. No. 1416, *supra*, p. 5.

<sup>5</sup> *Who Finances Small Business?*, p. 20.

<sup>6</sup> *Commercial Banks*, p. 396.



A similar conclusion was expressed by the Federal Reserve Board in the *Transmerica* case, *supra*, where it stated:

Short-term business credit is credit required by small, medium, and even large business concerns for, or to supplement, their working capital. In this area commercial banks occupy a pre-eminent position. Exclusive of trade credit (which is an arrangement by which suppliers of goods and services grant the privilege of deferring payment for such goods and services for periods of 30, 60, and 90 days), commercial banks supply more than 90 per cent of all short-term business credit. Because of the commercial banks' intimate knowledge of the affairs of business concerns in the areas in which commercial banks operate, including that acquired in the course of extending the other services for which such banks are commonly relied upon, commercial banks are able to and do extend and service short-term business credit to the almost total exclusion of other lenders. Financial institutions without the same knowledge of local conditions, and without ready access to such knowledge, afford no practical alternative or substitute for the short-term business credit function of local commercial banks. [p. 383]

[fol. 6176] The danger to small business which may result from a narrowing of alternative sources of bank credit is clearly revealed by the Federal Reserve Board report's conclusion that:

Even given the necessity of minimum credit standards in bank lending, as discussed earlier in this report, it is widely recognized that evaluation of credit risks is not an exact science. It may be easy to assess the creditworthiness of a large, well-established firm with a history of successful operations that is proven by audited records. But it takes considerable skill and judgment to evaluate the creditworthiness of a small firm, particularly a new one, whose prospects may depend heavily on the ability and health of the owner and whose past record may be based partly on intangible factors which are difficult to assess.

Recognizing the above distinction, it is understandable that there are many gradations of credit risk

which might be assigned by different loan officers to the same small-business loan application. While the decision may be based, in part, on certain formulas involving various financial ratios, there are other aspects of risk which cannot be quantified in lending to small business.

Thus, it is clearly possible that a loan application deemed to be too risky by one bank might be granted, with appropriate safeguards, by another bank. . . .  
[*Financing Small Business, supra*, p. 411]

Where such differences in loan policy exist, the importance of maintaining many independent sources of credit is obvious.

The importance of the present merger to businesses in the Philadelphia area is shown by statistics supplied by the Federal Reserve Board which reveal that Philadelphia National and Girard Trust rank first and third among Philadelphia banks in commercial and industrial loans and account for 25.4% and 17.3% respectively of the volume of all such loans by Philadelphia banks as of June 15, 1960. The reporting schedules of both banks for the Federal Reserve Board's 1955 and 1957 business loan surveys show that most of these commercial and industrial loans were made to businesses in the Philadelphia area. The elimination by merger of any such important alternative source of business credit is of obvious detriment to competition.

The elimination of an alternative source of banking services may also be of importance to other customers. For [fol. 6177] example, the banks' merger application lists the present service charges on checking accounts for each bank, and the proposed charges for the resulting bank. For most items on the list the banks' present charges differ, and the higher of the two figures is adopted for the resulting bank.

### 3. The merger would substantially increase banking concentration in the Philadelphia area

The proposed merger of Philadelphia National and Girard Trust would concentrate in the resulting bank the

following shares of the commercial banking business within the City of Philadelphia and their service areas:

	City of Philadelphia		Philadelphia National Service Area	Girard Trust Service Area
Total Assets .....	37%			
Total Deposits .....	37%	IPC Deposits .....	21.1%	26.0%
Total Loans .....	36%	Loans .....	17.9%	21.4%

Concentration in the two largest banks (the resulting bank and First Pennsylvania Banking and Trust Co.) would be increased to the following levels:

	City of Philadelphia		Philadelphia National Service Area	Girard Trust Service Area
Total Assets .....	62%			
Total Deposits .....	62%	IPC Deposits .....	35.9%	44.8%
Total Loans .....	62%	Loans .....	36.2%	44.4%

In the important category of commercial and industrial loans the increase in concentration would be even more striking. The resulting bank would have 42.7% of total loans in this category by Philadelphia banks, while the two largest Philadelphia banks would account for 67.4% of such loans. Such increases in concentration constitute a clear tendency toward monopoly.

Although greater degrees of banking concentration exist in certain other cities, it was precisely the creation of such undue concentration through bank mergers which led to the enactment of the present law. Certainly the existence of such concentration in some cities should not be considered justification for undue increases in concentration in others.

4. The merger would substantially increase the advantages of the resulting bank over its smaller competitors

The merger of Philadelphia National and Girard Trust would result in the creation of a bank approximately 50% larger than its largest competitor, and many times larger than most of its smaller competitors. The competitive [fo. 6178] advantages inherent in such a concentration of resources, banking offices and personnel are obvious. Bank mergers of this magnitude have often in the past led to

further competitive realignments by way of merger. The continuation of such a merger trend in the Philadelphia area would appear to be a probable result of the present merger.

The banks in their application have urged the necessity of their merger to enable them to effectively compete with larger banks in other cities. This alleged justification, however, considers only one part of the business of the merging banks, the making of loans to large corporations, and ignores the essentially local nature of most of the other aspects of commercial banking, as found by the Federal Reserve Board in the *Transamerica* case, *supra*. Even in the category of commercial and industrial loans, a large share of both the number and dollar volume of such loans by the merging banks are made to small and medium sized businesses, principally in the Philadelphia area.

According to the banks' merger application, their competitive disadvantage vis-a-vis the larger commercial banks in New York and a few other cities result from their presently inadequate lending limits. These limits are \$8,000,000 to a single borrower in the case of Philadelphia National and \$6,000,000 for Girard. In spite of the claimed inadequacy of these limits, information supplied to this Department by the banks reveals that Philadelphia National has loans outstanding to only two borrowers in the amount of \$8,000,000 and to only nine borrowers in amounts of \$5,000,000 or more. Girard Trust has no loans outstanding in such amounts. Further information supplied by the banks shows that even where the requirements of certain borrowers have exceeded the lending limits of the merging banks, these borrowers have been able to meet their need by making direct borrowing arrangements with a number of banks or by participations arranged by the banks. Finally, although as the banks allege, some Philadelphia borrowers have undoubtedly gone to New York for part or all of their borrowing requirements, this may be caused by many factors such as historical banking relationships or the extensive industry specialization of the New York banks. The fact that many reasons may cause companies to borrow from banks in other cities is indicated by the merging banks' reporting schedules for the 1955 business loan survey which reveal that many of their loans were

made to companies in other cities and in amounts which by no means exceeded the loan limits of the banks in those cities.

#### Conclusion

It is the conclusion of this Department that the proposed merger of The Philadelphia National Bank and the [fol. 6179] Girard Trust Corn Exchange Bank would result in a substantial lessening of commercial banking competition and a tendency toward monopoly in the ways described above. These adverse competitive effects of the merger would not be significantly offset by the improved competitive position of the resulting bank in relation to the still larger banks in New York and a few other cities.

A summary is attached.

Sincerely yours, Robert A. Bicks, Assistant Attorney General, Antitrust Division.

[fol. 6180]

#### Summary

In analyzing the competitive aspects of the proposed merger of The Philadelphia National Bank and the Girard Trust Corn Exchange Bank, this Department has measured the probable effects of the merger against the following statement in the House and Senate Reports on the amendment of Section 18 of the FDIC Act concerning the anticompetitive effects which the Act was intended to prevent:

The large numbers of mergers in recent years, the vast resources involved in these mergers, and the increases in the size of the largest banks, particularly those which have grown through mergers, all give rise to concern for the maintenance of vigorous competition in the banking system and in the industry and commerce served by the banking system. The reduction in the number of banks and the loss of competition between merged banks also give rise to concern.

Applying these tests to the present merger, it is our conclusion that its effects would include: (1) The combination of the presently second and third largest banks in the City of Philadelphia (which banks have been a party to a total



of fifteen mergers during the last ten years) creating a new bank approximately 50% larger than its largest competitor. The resulting bank would thus obtain important competitive advantages over smaller banks in the area and its creation would probably lead to further competitive realignments by way of merger. (2) A substantial increase in commercial banking concentration and a tendency toward monopoly in the Philadelphia area. (3) The elimination of an important alternative source of commercial banking services in the Philadelphia area. (4) The elimination of substantial existing competition between Philadelphia National and Girard Trust.

[fol. 6181] GOVERNMENT'S EXHIBIT 163

**THE PHILADELPHIA NATIONAL BANK**  
Philadelphia, Pennsylvania

**Analysis of Competitive Factors**

Under this proposal, The Philadelphia National Bank, Philadelphia, Pennsylvania (hereinafter referred to as applicant) is to be consolidated with the Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania, a member bank, (hereinafter referred to as Girard) under the charter of the applicant and with the title Philadelphia Girard National Bank and Trust Company. The present main office of applicant will be continued as the main office of the consolidated bank and thirty-eight existing offices of Girard and one for which approval has been obtained, but not yet opened, will be continued as branches. One branch of ~~applicant~~ it is to be discontinued.

Applicant was originally organized in 1803 and was chartered as a national bank in 1864. Two mergers were effected in the 1920's, but up until 1951 the character of its business was largely of the wholesale nature, as is evidenced by the fact that its \$745 million in deposits at the end of 1950 were held in 11,000 accounts, of which about 1,000 were from domestic and foreign correspondent banks. At that time it operated only three banking offices, offered no per-

sonal trust services, had no savings or special checking accounts, no consumer credit department, and no safe deposit facilities. Since 1950 transactions have been effected involving eight relatively small mergers and assumption of liabilities of one bank through which eighteen additional banking offices and deposits aggregating \$174 million were acquired. In addition to its main office, applicant now operates in 27 different branch locations. The expansion of the past decade follows a decision made in 1951 to enter the retail banking and trust fields, and at the same time expand its wholesale business and lending power. This decision created the need to obtain offices in outlying sections of both the city and its suburbs that were conveniently located to serve the bank's customers. During this period of expansion applicant's total resources grew from \$837 million (as of 12-31-50) to \$1.1 billion (as of 12-31-59), but the percentage relationship of its total assets to those of all commercial banks operating in Philadelphia increased only from 21.3% to 21.6%, and applicant dropped from first position in size to second position among Philadelphia commercial banks.

Girard was organized in 1835 as The Girard Life Insurance, Annuity and Trust Company of Philadelphia, to engage in life insurance and trust services, as well as becoming a bank of deposit. The life insurance business was subsequently discontinued and the bank became a member of the Federal Reserve System on November 3, 1917. Girard placed its primary emphasis on trust business and not until 1940 were special efforts made to develop commercial business. At that time the bank had only one office and following a study during the late 1940's of changing customer practices and the banking situation in Philadelphia, it was decided that in order to be able to compete more effectively with other Philadelphia banks, Girard should acquire or develop branches throughout the city and in the adjoining counties. The aforementioned decision eventually resulted in a merger on June 15, 1951, with the Corn Exchange National Bank which had a very desirable branch system as well as a substantial commercial business, consumer credit and foreign departments. With this merger the name of the bank was changed to its present title and twelve bank offices were acquired having deposits that aggregated nearly

\$289 million. Since then transactions have been effected involving five other mergers through which twenty additional banking offices and deposits aggregating \$124 million were acquired. In addition to its main office, Girard now operates in 37 different branch locations, though approval has been obtained for another, and through its expansion over the past decade resources have increased from \$242 million (as of 12-31-50) to \$772 million (as of 12-31-59). Over the same period of time the percentage relationship of its total assets to those of all commercial banks operating in Philadelphia increased from 6.2% to 15.3%, but its relative position as to size has not changed, still ranking third. The substantial growth in total resources (more than three-fold) has resulted from the change in policy whereby more emphasis was placed on developing commercial bank business, as opposed to the former policy of primary emphasis on the trust function, and a substantial portion of this growth was accomplished through mergers.

As will be noted from the brief histories of both institutions outlined above, there has been, until in recent years, a wide divergence in the types of business on which each bank placed major emphasis: Applicant was primarily a wholesale bank, whereas Girard specialized in trust services, and it was not until 1951 that both banks commenced to expand to any substantial degree into the retail banking field. Applicant states three basic reasons for the proposed [fol. 6182] consolidation: first, to provide the Philadelphia area with a bank commensurate with its size and adequate to meet the area's banking needs; second, to establish a more diversified bank by combining the complementary services of the participants; and thirdly, to combine the separate institutions into a bank with greater depth in management and a more complete organization of specialists and technicians to render more effective service.

Philadelphia's metropolitan area ranks fourth in size throughout the United States. During the last ten years there has been a notable expansion of industry and extensive urban and suburban development, to the extent that traditional city, county, and even state lines have been obscured. The area has become known by a new concept "Delaware Valley, U.S.A." It is one of the most highly industrialized areas in the United States, contains a broad

diversification of manufacturing and processing facilities in all fields, and wholesale and retail commerce is abundant and complete. The world's largest fresh water port is located here. The present population of Philadelphia is nearly two million and that of the trade area is said to be nearly 18 million. Prospects for further substantial residential and industrial expansion are impressive.

The two banks involved in this proposal together with other competing banks serve the area described above, which is comprised of four counties in Pennsylvania, four counties in New Jersey, and one in the State of Delaware. The competitive area in Delaware is the City of Wilmington and surrounding territory in New Castle County. Seventeen banking offices of Delaware banks serve that area. In New Jersey there are eighty-eight banking offices of New Jersey banks in Camden, Gloucester, Burlington, and Mercer Counties. Philadelphia banks are active competitors in Chester County, Pennsylvania, but are restricted by law in branch operations to counties contiguous to Philadelphia County. They are also active in Allentown, Easton, and Bethlehem to the north, Reading to the northwest, Harrisburg and as far as Pittsburgh to the west, and Delaware and New Jersey as noted above on the south and east.

However, for the purpose of scheduling competing banks only those located in Philadelphia County and the three contiguous counties in Pennsylvania, namely, Bucks, Delaware, and Montgomery, where Philadelphia banks can operate branches, are included.

## Deposits

Name of Bank	No. of Offices	Amount (000 omitted)	% of Phila. Commercial Banks	% of 46 Banks in 4 County Area	Loans Amount (000 omitted)	%
Applicant.....	28	978,628	22.0	14.7	486,187	13.7
Girard.....	39	668,721	15.0	10.0	396,818	11.2
Subtotal.....	67	1,647,349	37.0	24.7	883,005	24.9
Broad Street Trust Co.....	17	126,108	2.8	1.9	97,342	2.7
Brown Bros. Harriman (Private Bank-uninsured)	1	228,613	5.1	3.4	76,535	2.2
***Central-Penn National Bank.....	19	253,088	5.7	3.8	152,790	4.3
Fidelity Philadelphia Trust Co.....	27	420,549	9.5	6.3	239,700	6.8
***First Pennsylvania Bank & Trust Company.....	41	1,075,710	24.2	16.1	628,288	17.8
Liberty Real Estate Bank & Trust Company.....	10	105,020	2.4	1.6	58,811	1.6
***Provident Tradesmens Bank & Trust Company.....	20	457,567	10.3	6.9	250,167	7.1
Six other commercial banks.....	22	134,012	3.0	2.0	67,975	1.9
Total of 15 commercial banks in Philadelphia.....	224	4,448,025	100.0	66.7	2,454,613	69.3
Four Philadelphia Mutual Savings Banks.....	55	1,800,455		27.0	886,686	25.1
Total of all Philadelphia banks.....	279	6,248,580		93.7	3,341,299	94.4
17 Montgomery County Bks. (1).....	48	269,436		4.0	128,693	3.6
9 Bucks County Banks.....	16	88,989		1.4	44,674	1.3



Name of Bank	No. of Offices	Amount (000 omitted)	% of Phila. Commercial Banks	% of 46 Banks in 4- County Area	Loans Amount (000 omitted)	%
Delaware County Bank	8	62,686		9	25,902	7
Total of 46 banks in four county area	351	6,669,691		100.0	3,540,568	100.0

(1) Includes three banks with deposits aggregating \$15 million and loans of \$6 million that will disappear in 1961 through mergers on which applications have been processed.

All of the banks in the Philadelphia area provide the same general services and compete directly through main office and branch operations. Loan diversification in the two banks involved in this proposal is not dissimilar, nor is the deposit structure, though applicant has nearly 20% of its deposits in correspondent bank accounts, as compared to 7.5% for Girard, and 56% in other IPC demand deposits as compared to 67% for Girard. There are no industrial banks in the area. Competition from savings and loan associations and building and loan associations is intense, particularly in Philadelphia. In the four-county area there are 421 such associations with savings volume as of 12-31-59 aggregating \$1,258 million and loan volume of \$1,291 million. By contrast, all associations in the area as of 12-31-50 had share volume of only \$432 million, thus showing a growth of nearly three-times over the nine year period. Some 416 life insurance companies, 270 credit unions, 100 sales finance companies, and 313 small loan companies provide additional competition in the mortgage loan and installment loan fields. Factors are active in the area, though their competitive influence is not significant, and activities of Government lending agencies are relatively unimportant. However, banks in both New York City and Pittsburgh are active competitors with Philadelphia banks.

In Philadelphia and the three contiguous Pennsylvania counties, the number of banks has declined from 404 in 1950 to 46 at the end of 1959. Three processed applications to merge and this proposal would reduce that number to 42. Resources of the seven largest commercial banks in Philadelphia at 12-31-59 represented 89.7% of total resources in Philadelphia's 15 commercial banks as compared to 60.8% of total resources among 34 commercial banks on

12-30-50. This trend in concentration suggests a lessening of competition in the immediate service area. Consummation of this proposal which will combine the second and third largest commercial banks in Philadelphia would contribute further to that tendency. The combination of resources of the two banks involved in this proposal would result in a concentration in one bank of 36.9% of commercial bank resources in Philadelphia compared to the next largest concentration of 24.5%. The two consolidating banks are now strong competitors with each other, as well as with other Philadelphia banks, both directly and through extensive branch systems, and it appears that consummation of the proposal would lessen competition to a significant degree in the Philadelphia area.

The aggregate growth of total resources of banks in the four-county area from 12-31-50 to 12-31-59 was from \$5.6 billion to \$7.5 billion; and applicant contends that a substantial volume of banking business that rightfully belongs to Philadelphia banks is lost by them because even the largest bank is too small to compete on a regional, national, and international scale, and especially with banks in New York and Pittsburgh. It is pointed out that although Philadelphia is the fourth largest city in the country, five smaller cities—Detroit, Boston, San Francisco, Pittsburgh, and Cleveland—all have one or more banks larger than Philadelphia's largest, and as of 12-31-59 the largest bank in Philadelphia ranked twentieth nationally and twelfth outside New York. If the proposal were consummated, the resultant bank would rank only fifteenth nationally and there would be seven larger banks outside of New York. When the twelve largest metropolitan areas in the country are ranked on the basis of deposits, loans, and lending limits of the biggest bank in each area, Philadelphia stands tenth or eleventh in each category. Following the proposed consolidation, it would climb to only seventh or eighth position. As an interesting comparison, Cleveland's metropolitan area has a population equal to about 40% of that of the Philadelphia metropolitan area; yet, Cleveland's largest [fol. 6184] bank is 19% larger than Philadelphia's largest bank in assets and 25% larger in capital and surplus. The desire to improve Philadelphia's competitive position na-

tionally is stated to be the primary purpose behind the proposal.

Also, applicant points out that no bank in Philadelphia has a lending limit high enough to serve the credit needs of large industry whereby they can effectively compete with the large banks in New York and other cities for this industry business, much of which is located in the Philadelphia area. As a result, these corporations go to the larger banks, especially those in New York (Philadelphia is unique in its proximity to New York), for their credit needs and then carry a substantial part of their deposit balances with those banks. It is noted that the largest New York Bank has a loan limit of \$65 million, the limit of the fifth is \$20 million, and two banks in Chicago and one in Pittsburgh have loan limits exceeding \$25 million. Three San Francisco banks have loan limits in excess of \$10 million and one of these is \$50 million. By contrast, the highest lending limit in Philadelphia is only \$8 million (that of applicant) and that of Girard is only \$6 million. Applicant contends that since the deposits and loans of large industry are closely related and in turn lead to the use of other banking services, Philadelphia's low lending limits place it at a further disadvantage. It is also noted that Philadelphia's port is now the largest in the country with respect to import tonnage, whereas because of the size of its banks it is unable to attract more than a small fraction of the nation's foreign banking business. Following consummation of this proposal, the loan limit of the resulting bank will be \$15 million, placing it in a much more favorable competitive position for the accounts of nearby large industries, which operate and do their banking on a national scale.

Philadelphia's largest single industry is the petroleum industry with six major refineries in the area, yet only two of these companies are known to carry more than accommodation balances in any Philadelphia bank. It is stated that 26 of the nation's largest manufacturing enterprises have headquarters nearer to Philadelphia than to any other major banking center, but as of 12-31-59 these had only 12.9% of their cash on deposit with applicant and only 4.4% with Girard. These concerns are heavily dependent on larger banks in other cities (notably New York) for their major financial requirements. Thus, it is concluded that the larger

lending limit of the resulting bank will improve the ability of applicant to finance both local and national industry, which in turn should enable it to acquire a more equitable share of the banking business of large corporations located in or near the service area; and in addition, should help to attract new business enterprises to the Philadelphia area, with consequent benefits not only to applicant, but to all Philadelphia banks as a whole. Management of both of the banks involved state that there is no feasible way other than a merger that will accomplish these results and that sale of additional capital stock by either of the participants is impractical because their capital positions are already strong in relation to deposits. The capital-assets ratio of applicant as of June 30, 1960, was 8.76% and that of Girard was 9.99%.

In the application it is stated that there are 392 common depositors with checking accounts having balances in excess of \$10,000 each. The balances in applicant amounted to \$164 million and in Girard \$102 million. Thirty-four of these accounts with balances aggregating \$58 million and \$36 million in the two banks respectively are controlled from within the service area but are said to be sufficiently large and diversified to require or desire banking service from outside the service area of the resulting bank, if their needs are not satisfactorily met within. Additionally, 84 of the accounts, with balances of \$44 million in applicant and \$24 million in Girard are controlled from outside the service areas of the participating banks, and consequently, these depositors have a wide choice of major banking connections. There are 44 time and savings deposits common to both banks, aggregating \$1,885,800 in applicant and \$3,683,500 in Girard. There are 67 common borrowers on loans aggregating \$49 million in applicant and \$43.6 million in Girard. Of these, six loans aggregating \$9.7 million in applicant and \$7.5 million in Girard are controlled from within the service area, but are sufficiently large and diversified to require or desire banking service from outside the service area of the resulting bank, if their needs are not satisfactorily met within. Additionally, 16 of the accounts, with loans of \$14.7 million at applicant and \$17.9 million at Girard are controlled from outside the service areas of the

participating banks, and consequently have a wide choice of major banking connections.

[fol. 6185] However, from the foregoing it is obvious that competition exists between the two banks involved in this proposal, both locally and from outside the service area, and to this extent, at least, consummation of the proposal would eliminate one source of competition. Applicant now holds 22% of deposits in Philadelphia commercial banks and 14.7% of deposits in forty-six banks in the four-county area. The percentage of deposits held by Girard is 15% and 10% respectively. Upon completion of this proposal the resulting bank would hold 37% and 24.7% of deposits in Philadelphia commercial banks and the four-county area respectively. By comparison, the largest bank in Philadelphia at this time (First Pennsylvania Banking & Trust Company) holds 24.2% and 16.1% respectively.

An analysis reflecting the growth of banks in the service area over the past ten years indicates that many of these banks have grown more rapidly than either applicant or Girard, and also, more rapidly than Philadelphia's largest bank (adjusted for effect of mergers). After eliminating mergers over the ten year period, applicant's growth was 15.2% and that of Girard was 8.4%. Comparing this growth with that of a group of Philadelphia and suburban banks (selected as being most competitive) it is noted that in the suburban bank grouping, the smallest increase during the ten-year period was 30.8% and the greatest was 190.3%. In the selected Philadelphia banks the smallest growth was 37.1% and the largest was 65.2%. Therefore, it is concluded that while one source of competition would be eliminated in Philadelphia and the three adjacent counties as a result of this proposal, the effect on competition in the outlying areas should not be particularly adverse. In these outlying sections (notably the four counties in New Jersey and one county in the State of Delaware) banks will be subject to competition from only one less bank in Philadelphia, which should not materially alter the degree and extent of competition from the Philadelphia banks.

Both banks in this proposal have issued numerous participations, but these have been arranged for the convenience of correspondents (both banks do a sizeable correspondent



bank business), and have no significance as far as legal limits are concerned. However, there have been frequent instances where corporations made direct arrangements with several banks, apparently including both applicant and Girard, when credit requirements exceeded the lending limit of the participating banks.

Both banks exercise trust powers. Applicant held 2,570 accounts in all categories with assets of \$361 million and Girard held 7,755 accounts in all categories with assets of \$2.2 billion, both figures based on market values. Both banks also conduct a sizeable volume of corporate trust business, and the resulting bank will hold approximately 28% of the total personal trust volume of all banks in Philadelphia based on 12-31-59 figures.

No pension or profit sharing trust established or administered by either bank holds 5% or more of the stock of any bank. Also, none of the officers or directors of applicant held as much as 5% of the stock of any bank, including the participating banks. John R. Park, a director of Girard, owns 6.87% of the outstanding shares of The Peoples State Bank of Caro, Michigan, but otherwise, none of Girard's officers or directors hold as much as 5% of the stock of any bank. Neither bank involved in this proposal has any affiliations or affiliated interests. The stock of each bank is widely dispersed. Applicant has 2,647,812½ shares outstanding which is spread among 16,372 shareholders; Girard has 1,691,875 shares outstanding among approximately 9,536 stockholders. The largest holding of any individual of applicant is 24,694 shares, or .9% of the outstanding shares, and in the case of Girard the largest holding is 6,500 shares, or .38%. In determining common ownership of shares of the two banks only those who owned 1,000 shares or more in either bank, plus any shares in the other no matter how small, were considered. This figure of 1,000 shares amount to 1/26th of one percent of applicant's outstanding stock and 1/17th of one percent of Girard. This includes not only holdings of individuals, trustees, and corporations, but also trust and institutional investors. Accordingly, shareholders owning stock in both banks have 10% of the shares of applicant and 15.5% of the shares of Girard.

## [fol. 6186] Summary:

Applicant contends that the primary purpose behind this proposal is to provide Philadelphia with a larger bank which will be more in keeping with its position in the United States as a major industrial center. While the Philadelphia metropolitan area ranks fourth in the nation, its largest bank ranks only twentieth nationally and only twelfth among banks outside New York City. Several banks in smaller metropolitan areas have much larger loan limits. In addition, the large New York City banks are in direct competition with those in Philadelphia for the accounts of corporations operating on a nationwide basis, but with head offices nearer to Philadelphia than to any other major banking center. As a result, Philadelphia banks are at a disadvantage in competing for this business, because of their relatively low loan limits, and are losing a considerable volume of loans and deposits which applicant feels rightfully belong to Philadelphia. The consolidation would increase Philadelphia's present highest loan limit from \$8 million to \$15 million and proponents contend that this would materially improve the competitive position of applicant and Girard on a national scale in striving to retain some of this business in Philadelphia banks. In addition, both applicant and Girard do a sizeable volume of correspondent bank business that extends throughout the country as well as internationally. Thus, it is apparent that the field of competition is not only local, but to some extent regional, national and international. As it relates to the scope of operations beyond the local level, it does not appear that the proposal will have any adverse effect on competition; in fact, it should promote competition from Philadelphia on the regional, national and international levels. Also, in the outlying sections of the defined trade area (notably the four counties in New Jersey and one county in the State of Delaware), the effect on competition should not be significant, inasmuch as the banks in these counties will be subject to competition from only one less bank in Philadelphia, which should not materially alter the degree and extent of competition from Philadelphia banks.

On the other hand, in Philadelphia and the three contiguous Pennsylvania counties in which Philadelphia banks can have branches, the number of banks has declined

from 104 in 1950 to 46 at the end of 1959. Three processed applications to merge and this proposal would reduce that number to 42. Resources of the seven largest commercial banks in Philadelphia at 12-31-59 represented 89.7% of the total resources in commercial banks compared to 60.8% on 12-30-50. This trend in concentration suggests a lessening of competition in the immediate service area. Consummation of this proposal which will combine the second and third largest commercial banks in Philadelphia would contribute further to that tendency. The consolidating banks presently are strong competitors with each other and with other Philadelphia banks, both directly and through extensive branch systems, and consummation of the proposal would adversely affect competition to a significant degree.

Therefore, it is concluded that the effect of the proposed consolidation on competition would be adverse as to Philadelphia and immediate suburbs but not adverse in the regional, national, and international fields of competition.

[fol. 6187] GOVERNMENT'S EXHIBIT 164

Advance Extract From Annual Report to The Congress of  
The Comptroller of the Currency

[fol. 6188] Annual Report of the Comptroller of the  
Currency

Table No. - Consolidations of national banks, or national and state banks, during the year ended December 31, 1961, under sec. 1, 2, and 3 of the act of Nov. 7, 1918, as amended.

	Capital Stock	Surplus	Undivided Profits	Total Assets
The Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania, with and the Philadelphia National Bank, Philadelphia, Pennsylvania, with consolidated 1961, under charter of the Philadelphia National Bank and title of "Philadelphia Girard National Bank and Trust Company."	\$16,918,750	43,081,250	•	•
The consolidated bank at date of con- solidation had	\$26,478,125	53,521,875	•	•
	\$48,262,000	101,378,000	•	•

\*Figures will be as of the effective time of consolidation.

## Summary of Report By the Attorney General

### Basis for Approval

This consolidation would combine the second and third largest banks in Philadelphia into the largest bank in that city. The consolidated bank would have total assets of approximately \$1.8 billion, and would rank in size approximately sixteenth in the nation. It was concluded that this proposed consolidation would be in the public interest in the light of the statutory factors enumerated in P. L. 86-463, approved May 13, 1960. In reaching this conclusion these factors were analyzed as follows:

#### Financial history and condition

The Philadelphia National Bank was organized in 1803 as the Philadelphia Bank, and it became a national bank on October 20, 1864, thus making it one of the oldest national banks in existence. The financial history of both banks during the entire period of their existence has been good, and both have grown steadily. Both are in good condition at the present time.

#### Adequacy of capital structure

The capital of the consolidated bank will be adequate in terms of ratios to capital and to risk assets. However, neither bank has a capital structure adequate to enable it to attract and to retain the national and international business which should be brought to or retained in Philadelphia and Pennsylvania and the surrounding areas. The combination of the capital structures of these banks will place the consolidated bank in a much more favorable position in this respect. This was an important factor in this consolidation.

#### [fol. 6189] Future earning prospects

Earnings of both banks have been good. It is reasonable to suppose that as savings are effected from the integration of personnel, and as a larger share of national and international business is attracted to the bank by its in-

creased size and capital structure, and its increased ability to service the needs of large concerns and of concerns engaged in foreign business, its earnings will increase. Accordingly, the future earnings prospects are definitely favorable.

#### General character of management

The Board of Directors of both banks consist of men outstanding in their respective businesses and professions and prominent in civic affairs. There is no doubt that the Board of Directors of the consolidated bank will be outstanding.

The proposed active management of the consolidated bank is composed of capable and experienced bankers. Management will be improved by increased depth of ability and experience at every level. It is contemplated that this will permit greater specialization along industry lines thus enabling the bank to better serve its important customers in the various industries with respect to which the bank establishes a specialized department. This may be of particular importance in international trade as the bank expands its specialization in foreign trade. Thus, the improvement in management resulting from this merger will enable the consolidated bank to better serve the banking needs of its customers, and hence the banking needs of the nation.

#### Consistency of corporate powers with Federal Deposit Insurance Act

The corporate powers of the consolidated bank would be consistent with the purposes of the Federal Deposit Insurance Act.

#### Convenience and needs of the Community

Philadelphia is the fourth largest city in the United States and it is the center of a highly intensified and diversified industrial area undergoing a remarkable modernization and development. It is adequately banked insofar as the number of banks is concerned and will remain so after the consolidation. The increased size of the consolidated bank will substantially increase the adequacy of banking facilities insofar as size is concerned. The formation of a banking institution large enough to be an important factor in assist-



ing the state and local areas within the state to attract new industry and to retain existing industry to cushion and to offset to some extent cyclical unemployment resulting from primary dependence upon coal mining and the production of steel, may in the long run prove of vital importance to the welfare of the state and these local areas.

The increased size of the consolidated institution will enable it to better compete with the New York City banks for some business which originates in the Philadelphia service area but now goes to New York, and to attract a larger share of the national business to the advantage of Philadelphia and Pennsylvania.

The increased size of the consolidated bank will increase its ability to attract a larger share of foreign trade business to the Philadelphia area to the advantage of the city and the state.

There is no doubt that the convenience and needs of the City of Philadelphia and the State of Pennsylvania will be advantageously served by this merger. This factor was an important one in indicating that the merger should be approved.

Effect of the transaction upon competition including any tendency toward monopoly.

It is clear that no tendency toward monopoly results from this consolidation. The consolidated bank will have nothing approaching a monopoly and certainly will not have moved measurably closer to the monopoly power of being able to raise prices or to exclude competition.

[fol. 6190] With respect to the effect upon competition, there are three separate levels and effective areas of competition involved. These are the national level for national accounts, the regional or sectional area, and the local area of the City of Philadelphia and the immediately surrounding area. On the national level competition will be increased by the formation of a bank which would rank approximately sixteenth in the nation and would be better able to compete at a national level. With respect to regional competition which includes important areas of Pennsylvania, New Jersey and Delaware and, to some extent, Maryland and New York, the application discloses that there are 85 commercial banks competing, and this does not include other

large banks on or close to the fringes of this area which also compete within it. There would be no adverse effect upon regional competition. With respect to local competition there would be eliminated an important competitor, but there would remain in the entire area 46 banks, and in the City of Philadelphia alone 16 commercial and 4 savings banks. Of these 7 commercial banks have assets in excess of \$100 million and all of the savings banks are in this category. Thus the consolidation will not deprive the public or the small businesses in Philadelphia of an adequate number of alternative sources of banking service.

Since there will remain an adequate number of alternative sources of banking service in Philadelphia, and in view of the beneficial effects of this consolidation upon international and national competition it was concluded that the over-all effect upon competition would not be unfavorable.

### Conclusion

It was concluded that the proposed consolidation would create a large, well-managed, adequately capitalized bank with satisfactory earnings prospects, which would be in the first rank of American financial institutions. By this consolidation the capital structure would be strengthened, the future earnings prospects would be enhanced, and the general character of the management would be improved. The consolidated bank would be well able to serve the convenience and needs of its community in providing adequate well rounded banking service of all kinds, but more importantly it would be far better able to serve the convenience and needs of its community by being of material assistance to its city and state in their efforts to attract new industry and to retain existing industry.

All of these factors were strongly favorable to approval of this transaction, and it was concluded that the over-all effect upon competition would not be unfavorable.

Accordingly, it was found that the proposed transaction would be in the public interest.

[fol. 6191]      GOVERNMENT'S EXHIBIT 165  
Inter-Office Memorandum

July 3, 1956.

To: Mr. R. D. Conner, Main Office

From: Third & Arch Streets

Re: Map

Attached is the map prepared at this office showing the distribution of our accounts, together with a separate sheet indicating the various percentages by locations. As we discussed, the competition for this office is not indicated for the obvious reason that within a half mile area, south of Arch Street, we have all of the Central City commercial bank branches together with our own office at Second & Chestnut Streets, and going west, a mile and half area includes the banks in the neighborhood of Broad and Chestnut Streets.

While the information developed is of interest in locating the principal sources of our business, it seems to me pretty much as might be expected, with the largest area being northwest of the office and the smallest southeast. The northwest area includes several of our large commercial customers, the southeast is restricted by the Delaware River, plus the business that would normally go to Second & Chestnut Streets.

R. B. Peinock.

Officers and employees are requested to transmit immediately to the central file any information coming to their attention that directly or indirectly affects any of our customers or that is of general interest. It is in this way that we are enabled to keep our files up to date. Take up one subject on this sheet—continue on back if necessary.

6.5—Girard Trust Corn Exchange Bank.

[fol. 6192]

## Arch Office

Northwest				Northeast			
Regular	Special	Sav. Fund		Regular	Special	Sav. Fund	
Total	32.5	48	46.5	Total	20.0	19.5	22.75
Within 1/2 mile	26	39	37.5	Within 1/2 mile	18	18	18.75
Within 1 mile	4.5	6	7.5	Within 1 mile	1	1.5	2.75
Within 1 1/2 mile	2	3	1.5	Within 1 1/2 mile	1		1.25
Southwest				Southeast			
Regular	Special	Sav. Fund		Regular	Special	Sav. Fund	
Total	16	16.5	13.75	Total	9	10	11.75
Within 1/2 mile	13	12	10	Within 1/2 mile	8	7.5	9
Within 1 mile	2	3	2.5	Within 1 mile	5	1	1.75
Within 1 1/2 mile	1	1.5	1.25	Within 1 1/2 mile	5	1.5	1
Total outside 1 1/2 mile area							
22.5							
6							
5.25							

[fol. 6193]

Accounts shown in Quads—percentage shown represents the percentage of total number of accounts. Figures one (1) is the first half mile from center, unnumber two (2) the second half mile, etc.

Regular Checking  
North West

1 —	.26
2 —	.045
3 —	.02
4 —	.075

40%

## North East

1 —	.18
2 —	.01
3 —	.01
4 —	.06

26%

## South West

1 —	.13
2 —	.02
3 —	.01
4 —	.06

22%

## South East

1 —	.08
2 —	.005
3 —	.005
4 —	.03

12%

N.W. —	.40
N.E. —	.26
S.W. —	.22
S.E. —	.12

100%

Special checking  
North West

\$ —	.39
2 —	.06
3 —	.03
4 —	.03

51%

## North East

1 —	.18
2 —	.015
3 —	none
4 —	.015

21%

## South West

1 —	.12
2 —	.03
3 —	.015
4 —	.015

18%

## South East

1 —	.075
2 —	.01
3 —	.015
4 —	none

10%

N.W. —	.51
N.E. —	.21
S.W. —	.18
S.E. —	.10

100%

Savings  
North West

1 —	.375
2 —	.075
3 —	.015
4 —	.015

48%

## North East

1 —	.1875
2 —	.0275
3 —	.0125
4 —	.0125

24%

## South West

1 —	.10
2 —	.025
3 —	.0125
4 —	.0125

15%

## South East

1 —	.09
2 —	.0175
3 —	.01
4 —	.0125

13%

N.W. —	.48
N.E. —	.24
S.W. —	.15
S.E. —	.13

100%

[fol. 6194]

## GOVERNMENT'S EXHIBIT 170

Analysis Survey of Philadelphia Banks Regular Checking as of September 20, 1960

Bank	Analysis Basis	No. of Days Float	Meter Basis			Analysis Begins (Underlined)	Earnings per \$100	Monthly Maintenance	Items				Minimum Amount Charged
			Balance Under	Items Allowed \$1	Extra Items				Checks Paid	Deposit Tickets	Cash Deposited	Checks Deposited	
Girard Trust Corn Exchange	Average Collected Balance	2	\$300 \$500	5 10	\$ .05 \$ .05	<u>\$ 500</u> \$2,500	\$ .15	\$ .75	\$ .05 \$ .05	\$ .05 \$ .05	\$ .05 \$ .03	\$ .05 \$ .03	No chg. \$ .25 or less
Philadelphia National Bank	Average Collected Balance	1	No Meter Basis			<u>\$ 100</u>	\$ .15	\$ .75	\$ .06	\$ .10	\$ .03	\$ .03	\$ .26
First Pennsylvania Company	Average Collected Balance	2	No Meter Basis			<u>\$ 100</u>	\$ .15	\$1.00	\$ .05	\$ .05	No Chg.	\$ .03	\$ .26
Fidelity Philadelphia Trust Company	Average Ledger Balance	None	Low Bal. Under \$300	1 for each \$20 of low Balance	\$ .05	<u>\$ 300</u> \$2,500	\$ .12	\$ .50	\$ .05	\$ .05	No Chg.	\$ .05	
									First 300 items \$ .04 Over 300 items \$ .03 Cash deposited is not an item				\$ .25
Central Penn National Bank	Average Collected Balance	2	\$500	10	\$ .05	<u>\$ 500</u> \$1,500	\$ .10	\$ .50	\$ .05 \$ .04	\$ .05 \$ .02	\$ .05 \$ .02	\$ .05 \$ .02	\$ .25
Provident Tradesmens Bank and Trust Company	Average Ledger Balance	None	\$300 \$500	10 15	\$ .05 \$ .05	<u>\$ 500</u> \$5,000	\$ .10	\$ .50	\$ .05	No Chg.	\$ .05	\$ .05	\$ .26
[fol. 6195]									First 500 items—\$.04 Over 500 items—\$.03 Deposit ticket is not an item				
Broad Street Trust Company	Average Collected Balance	2	\$100 \$200 \$300	5 10 15	\$ .05 \$ .05 \$ .05	<u>\$ 300</u>	\$ .10	\$ .60	\$ .04	\$ .03	\$ .03	\$ .03	\$ .25
Liberty Real Estate Bank and Trust Company	Average Collected Balance	2	\$200	10	\$ .05	<u>\$ 300 to \$1,500</u>			1 item for each \$50.00. Extra items \$ .05 Deposit Tickets not considered items				
			\$300	15	\$ .05	<u>\$1,600</u>	\$ .10	\$ .50	\$ .04	No Chg.	\$ .03	\$ .03	\$ .26
Frankford Trust	Average Ledger Balance	None	\$200	15	\$ .03	<u>\$200</u>	\$ .10	\$ .35	\$ .03	No Chg.	No Chg.	\$ .03	\$ .25
Industrial Trust	Average Ledger Balance	None	\$100	10	\$ .03								
			\$200	\$1.85 Chg. 6 items allowed	\$ .04	<u>\$ 200</u>	\$ .10	\$ .50	\$ .04	No Chg.	No Chg.	\$ .04	\$ .25
Second National	Average Ledger Balance	None	\$300	None	All Items \$ .03	<u>\$ 300</u>	\$ .10	\$ .50	\$ .03	\$ .03	\$ .03	\$ .03	\$ .25



[fol. 619C]

Misc. Expenses	Girard Trust Co. Exchange	Phila. Nat'l Bank	First Penna. Co.	Fidelity Phila. Trust Co.
Certified Checks	75	25	No Chg.	50
Checks Returned NSF & Uncoll. Funds	2 00*	2 00	3 00*	2 00*
Checks Returned Post. Dated	2 00*	2 00	3 00*	2 00*
Collections	1 00	1 00	50	1 00
Currency Deposited	3 00 per hr.	NA	4 00 per hr.	3 00 per hr.
Deposit Return	30	10*	No Chg.	25*
Overdrafts *	2 00	1 00	3 00*	2 00*
Payrolls	3 00 per hr.	15 Per 100 Units	4 00 per hr.	3 00 per hr.
Rolled Coin	02	01 1/2	01 1/2	02
Stop Payments	2 00	50	2 00	1 50
Treasurers Checks	75	25	25*	75
Registered Checks	20	25*	25*	NA
Wire Transfers	75	25	1 00	1 00
Checks Cashed	1 25 20	05	No Chg.	10

Remarks:

NA—Information Not Available.

\* Indicates Direct Charge.

DG:has  
9/20/60

Sheet No. 3

Central Penn Nat'l Bank	Provident Tradesmens Bank & Trust Co.	Broad- Street Trust Co.	Liberty R. E. Bank & Trust	Frankford Trust Co.	Industrial Trust Co.	Second Nat'l
25	25	75	25	No Chg.	NA	25
1 00*	3 00*	3 00*	3 00*	2 00*	3 00*	2 00*
4 00*	3 00*	3 00*	3 00*	2 00*	3 00*	No Chg.
2 00	1 00	1 00	From 25 to 1 00	NA	NA	NA
4 00	3 00	4 00	No Chg.	No Chg.	NA	No Chg.
per hr.	per hr.	per hr.				
25	25	30	25	No Chg.	No Chg.	15
No Chg.	No Chg.	2 00	No Chg.	No Chg.	3 00*	No Chg.
50	50	35	35	No Chg.	NA	10
per order	per order	per order	per order			Per 100 Units
02	02	02	01 1/2	01	NA	NA
50	1 00	1 50	50	50	No Chg.	50
25*	25	75	No Chg.	No Chg.	No Chg.	25*
15*	NA	NA	15*	15*	NA	NA
NA	75	1 25	1 00	NA	NA	NA
05	10	20	No Chg.	No Chg.	No Chg.	No Chg.

[fol. 6197]

## GOVERNMENT'S EXHIBIT 171

Analysis Survey of Philadelphia Banks Regular Checking as of March 31, 1961

Bank	Analysis Basis	No. of Days Float	Meter Basis			Analysis Begins (Underlined)	Earnings per \$100	Monthly Maintenance	Items				Minimum Amount Charged	
			Balance Under	Items Allowed \$1	Extra Items				Checks Paid	Deposit Tickets	Cash Deposited	Checks Deposited		
Girard Trust Corn Exchange	Average Collected Balance	2	\$300 \$500	5 10	\$.05 \$.05	\$ 500 \$2,500	\$.15	\$.75	\$.05 \$.05	\$.05 \$.05	\$.05 \$.03	\$.05 \$.03	\$.50 No Chg. \$ .25 or less	
Philadelphia National Bank	Average Collected Balance	Pers. None Cml. 1	No Meter Basis			\$ 100	\$.15	\$.75	\$.06	\$.10	\$.03	\$.03	\$.26	
First Pennsylvania Company	Average Collected Balance	2	No Meter Basis			\$ 100	\$.15	\$1.00	\$.05	\$.05	No Chg.	\$.03	\$.26	
Fidelity Philadelphia Trust Company	Average Ledger Balance	None	Low Bal. Under \$300	1 for each \$20 of low balance	\$.05	\$ 300 \$2,500 \$2,500	\$.12	\$.50	\$.05	\$.05	No Chg.	\$.05	\$.25	
Central Penn National Bank	Average Collected Balance	2	\$500	10	\$.05	\$ 500 \$1,500	\$.10	\$.50	\$.05 \$.04	\$.05	\$.05 \$.02	\$.05 \$.02	\$.25	
Provident Tradesmens Bank and Trust Company	Average Ledger Balance	None	\$300 \$500	10 15	\$.05 \$.05	\$ 500 \$5,000	\$.10	\$.50	\$.05 \$.05	No Chg.	\$.05	\$.50	\$.26	
[fol. 6198]													Sheet No. 2	
Broad Street Trust Company	Average Collected Balance	2	\$100 \$200 \$300	5 10 15	\$.05 \$.05 \$.05	\$ 300	\$.10	\$.60	\$.04	\$.03	\$.03	\$.03	\$.25	
Liberty Real Estate Bank and Trust Company	Average Collected Balance	2	\$200 \$300	10 15	\$.05 \$.05	\$300 to \$1,500	1 item for each \$50.00. Extra items \$.05 Deposit Tickets not considered items				\$.04	No Chg.	\$.03	\$.26
Frankford Trust	Average Ledger Balance	None	\$200 \$100	15 10	\$.03 \$.03	\$ 200	\$.10	\$.35	\$.03	No Chg.	No Chg.	\$.03	\$.25	
Industrial Trust	Average Ledger Balance	None	\$200	\$1.85 Chg. 6 items allowed	\$.04	\$ 200	\$.10	\$.50	\$.04	No Chg.	No Chg.	\$.04	\$.25	
Second National	Average Ledger Balance	None	\$300	6	\$.03	\$ 300	\$.10	\$.50	\$.04	\$.03	\$.03	\$.03	\$.25	

Sheet No. 3

[fol. 6199]

Misc. Expenses	Girard Trust Corp. Exchange	Phila. Nat'l Bank	First Penna. Co.	Fidelity Phila. Trust Co.	Central Penn Nat'l Bank	Provident Tradesmens Bank & Trust Co.	Broad Street Trust Co.	Liberty R. E. Bank & Trust	Frankford Trust Co.	Industrial Trust Co.	Second Nat'l
Certified Checks	75	25	No Chg.	50	25	25	75	25	No Chg.	No Chg.	25
Checks Returned NSF & Uncoll. Funds	2 00*	2 00	3 00*	2 00*	4 00*	3 00*	3 00*	3 00*	2 00*	3 00*	3 00*
Checks Returned Post Dated	2 00*	2 00	3 00*	2 00*	4 00*	3 00*	3 00*	3 00*	2 00*	3 00*	No Chg.
Collections	1 00	1 00	50	1 00	2 00	1 00	1 00	From 25 to 1 00	NA	NA	NA
Currency Deposited	3 00	NA	4 00	3 00	4 00	3 00	4 00	No Chg.	No Chg.	NA	No Chg.
Deposit Return	per hr. 30	10	No Chg.	per hr. 25	per hr. 25	per hr. 25	per hr. 30	25	No Chg.	No Chg.	15
Overdrafts	2 00	1 00	3 00*	2 00*	No Chg.	No Chg.	2 00	No Chg.	No Chg.	3 00*	No Chg.
Payrolls	3 00	15	4 00	3 00	50	50	35	35	No Chg.	NA	10
Rolled Coin	per hr. 02	Per 100 Units 01 1/2	per hr. 01 1/2	per hr. 02	per order 02	per order 02	per order 02	per order 01 1/2	01	NA	Per 100 Units NA
Stop Payments	2 00	50	2 00	1 50	50	1 00	1 50	50	50	1 00	50
Treasurers Checks	75	25	25*	75	25*	25*	75	No Chg.	No Chg.	No Chg.	25*
Registered Checks	20*	20*	25*	NA	15*	NA	NA	15*	15*	NA	25*
Wire Transfers	75*	25	1 00	1 00	NA	75	1 25	1 00	NA	NA	NA
Checks Cashed	1 25*	20	No Chg.	10	05	10	20	No Chg.	No Chg.	No Chg.	No Chg.

## Remarks:

NA—Information Not Available.

\* Indicates Direct Charge.

DG:has  
3/31/61





[fol. 6200] GOVERNMENT'S EXHIBIT 172

GIRARD TRUST CORN EXCHANGE BANK  
Philadelphia, Pa.

Memorandum

Re: Proposed First Pennsylvania Company Branch  
Springfield, Delaware County Shopping Center

Messrs. Day, Walker, Denbergh and a representative of First Pennsylvania Company's counsel lunched at Girard today with Messrs. Smith, Gardner and Allen.

Mr. Day had requested this meeting to inform Girard of their proposed new office and if possible to get a commitment from us not to oppose their location near our Lawrence Park and Pilgrim Gardens offices.

Three main points were stated by Mr. Day as representing the policy of First Pennsylvania Company:

(1) They will, as a general rule, not oppose the location of competitive branches near their offices. He admitted their opposition to Philadelphia National Bank in Ardmore was an exception and that possibly there would be other exceptions to this general policy.

(2) They have decided not to pay the necessary premiums to acquire branches by merger, but have made a policy decision to locate a few larger offices on the perimeter of and strategically in the three surrounding counties. He cited Cheltenham and Ogontz, Levittown; Ridge and Butler Pikes, and the Springfield Office as examples of this policy. He did say also that they had a gap in the north-east section of Montgomery County which they hoped to fill soon.

(3) They believe that it is wrong to have the question of branch locations become an issue to be decided by the State Banking Board with perhaps a national bank acquiring the contested site by default.

Mr. Smith pointed out in rebuttal that:

(1) We have in fact paid a premium and it is our duty to protect this premium for our stockholders. He also stated that, generally speaking, another office in a compet-

ing neighborhood merely slices the pie into more pieces and decreased the profit of present branch offices.

(2) We agree that it is not a good thing to have politicians settle the issue, however, since this is our only legal remedy, what would Mr. Day have us do, give our consent to every proposal for a branch that we believe will injure our existing branches. As far as national bank coming in by default, banks are banks and it would make little difference whether the site was acquired by a state or a national bank.

Mr. Denbergh, at this point, stated that the Springfield center would become a large regional center since its annual sales volume approached \$40,000,000 and the Media by-pass would greatly increase traffic passing this point. He went on to argue that banks like department stores help [fol. 6201] to pull trade for each other and thus, by implication another bank in the Springfield Shopping Center, like the situation in Germantown, would actually help those banks on the perimeter such as our own and Provident-Tradesmens'.

Mr. Smith pointed out that this may be true ten years from now.

Isolated points were made of:

(1) The intolerable situation at City Line and that First Pennsylvania Company was there first at 54th Street and that this office grew by \$3,000,000 last year, representing the best growth in their system.

(2) That Girard-Corn hurt First Pennsylvania in Mayfair.

(3) First Pennsylvania will not oppose Fidelity or P. S. F. S. at Cheltenham.

(4) Secretary Myers had turned down Pennsylvania Company at Levittown originally.

(5) We will, perhaps, be faced with the necessity of closing ranks against the mutuals.

(6) That their Tacony office is not profitable.

(7) That Philadelphia National has purchased the Devitt hardware store at 69th Street and has an application in for a branch. Our information is that this store has not been sold and has been offered to us for \$400,000.

(8) Fidelity intends to close their airport office.

(9) Mr. Denbough offered to go over their application for the Springfield site with Messrs. Gardner and Allen.

(10) They have made use of Armstrong Associates for a survey of the neighborhood of our 22nd Street Office.

Mr. Smith made it clear that we have not made our decision as to whether we will or will not oppose their proposed office in Springfield.

Messrs. Smith, Wilkinson and Gardner will meet on Tuesday, September 9th to discuss this situation.

Robert C. Allen.

September 3, 1958.

[fol. 6202]

GOVERNMENT'S EXHIBIT 173

Chartered 1836

GIRARD TRUST CORN EXCHANGE BANK  
Philadelphia 2, Pa.

September 26, 1958.

The Honorable Robert L. Myers, Jr.,  
Secretary of Banking,  
Commonwealth of Pennsylvania,  
Department of Banking,  
Harrisburg, Pennsylvania.

DEAR SECRETARY MYERS:

We have been advised by representatives of the Department of Banking that The First Pennsylvania Banking and Trust Company has applied for permission to establish a branch office on the northeast corner of the intersection of State and Sproul Roads, Springfield, Delaware County.

The Girard Trust Corn Exchange Bank and other institutions provide competitive banking service and facilities in areas adjacent to this proposed branch. Based on experience gained from operating established banking offices in this locale, and the characteristics of the community, we believe the applicant unable to prove that the need for

an additional banking facility exists. Accordingly, it is respectfully requested that approval be denied.

Population growth within a two-mile radius of the proposed site is an important factor to be considered in determining need for additional banking facilities. This was indicated by the adjudication and order of the Banking Board issued March 24, 1938, in re: "Application of The Western Savings Fund Society . . . to establish a branch . . . in the Springfield Shopping Center . . ."

The present population within two miles of the proposed site is approximately 30,000, and this represents a four-fold increase since 1940. However, in the last seven years, there has been an equal growth in banking facilities. Four offices of major banking institutions have opened in the same area. The number of persons per banking office is now less than 8,000, a remarkably small average. The "Survey of Branch Banking in the Philadelphia Area—1947-1957" prepared under the direction of Doctor E. Gordon Keith found in June, 1956, that the average population per banking office in Delaware County equaled 13,816 and in Philadelphia County, 18,466.

Appended to this letter is a map illustrating the two-mile area surrounding the proposed site. As indicated by the map, in addition to the four banking offices within this area, there are seven other banking offices on the immediate perimeter of the radius which serve the population within the subject area, and these offices, particularly to the east of the radius, are contiguous to the older more densely populated section of the area. Therefore, a realistic appraisal of the population per banking office would be considerably less than the 8,000 cited above.

[fol. 6203] From the foregoing, it is clear that by the test of present population density, the need for additional banking service at the proposed site is unproven. Referring to the norms developed in Doctor Keith's survey, the present population in the area could double before the existing offices can even be considered average for Delaware County. This is unlikely to happen. As indicated on the attached map, much of the remaining unimproved land has been pre-empted for non-residential purposes. Three golf courses, the largest publicly owned, and a 650-acre Catholic cemetery prevent development. The

ground to the west of Sproul Road is a watershed area steeply inclined towards Crum Creek and unsuitable for mass home construction. Further, zoning in the largest tract of unimproved land is restricted to two-acre plots. Zoning for industrial or commercial development is severely restrictive.

The Western Savings Fund adjudication referred to above gave consideration to that applicant's proposed location in the Springfield Shopping Center. The proposed office of The First Pennsylvania Banking and Trust Company will provide no particular convenience for persons using the shopping center. The site is barred to foot traffic from the shopping center by a six-lane high speed highway with a fence divided medial strip. Access by automobile from the shopping center requires a further motor trip negotiated through vehicle congested intersections.

The principal attraction for shoppers in this shopping center is a large discount house. This store does not especially draw its patrons from the immediate neighborhood, but from the entire metropolitan Philadelphia area. Therefore, the daily traffic count at the shopping center, although impressive, should be severely discounted for purposes of estimating banking needs.

In the recent Western case, the Department of Banking and the Banking Board did consider the distinctive characteristics of a mutual savings bank, including the fact that it is beneficially owned by depositors and specializes in promoting thrift and extending mortgage loans. In the present application, no similar arguments may be raised. The Girard Trust Corn Exchange Bank and the Provident Tradesmens Bank and Trust Company, which operate the existing commercial banking offices in the area, are both large, experienced commercial banks and trust companies offering services in every way comparable to those which the applicant can undertake to furnish.

No present or prospective industrial development is possible. Commercial development is limited to existing congested areas, and every test of population density indicates that adequate banking facilities already exist. The Girard Trust Corn Exchange Bank has had the experience of operating offices within the two-mile radius in question since



1954. This experience confirms the arguments presented above.

Respectfully submitted, Girard Trust Corn Exchange Bank, Geoffrey S. Smith, President.

[fol. 6204] GOVERNMENT'S EXHIBIT 174

Memorandum

September 11, 1958.

To: Mr. S. S. Gardner, Vice President.

From: Robert C. Allen.

Re: First Pennsylvania Company's Branch Application for Levittown

At your request, I spoke to Mr. Samuel H. Ballam, Jr., Vice President of Fidelity-Philadelphia, concerning First Pennsylvania's previous application for Levittown. He knew very little about the subject and could tell us nothing that we did not already know.

I called Mr. Ellis B. Ridgeway, Jr., Vice President of Philadelphia National, and he confirmed the same understanding that we had, i.e., First Pennsylvania's previous application for Levittown had been disapproved by Secretary Myers. It is entirely possible that the declined application could have been forwarded to the state banking board, although Ellis is not sure of this.

It is Ellis' understanding that First Pennsylvania intended to locate on the northwest side of Bristol Pike and the Levittown Parkway outside the Levittown Shopping Center. There is some available ground there for commercial development but it would be of a limited nature. They had heard a fairly fantastic rumor that the developer of this site had intended to tunnel under the Levittown Parkway to connect this site with the main Levittown shopping center.

Philadelphia National did not protest in writing, but indicated to Mr. William Baker (in the office of the Comptroller of The Currency) that they did not see the need for another bank in this location, using the usual maps,

population statistics, etc. Ellis said that they have not received any formal notice of the re-application of First Pennsylvania for this Levittown site.

Apparently the general policy of Philadelphia National is not to protest other banks' applications since they themselves expect to be in a position of applying for regional offices in spots where they lack coverage. Thus, they do not see how they could object to other banks' applications when they themselves will be trying to acquire competitive sites. Historically, Philadelphia National has never protested in the sense of appearing at a hearing, however, in the case of First Pennsylvania's Ridge and Butler Pikes application, they have taken great pains to explain to the examiners that they (Philadelphia National) could not possibly justify locating a branch at this site, and they believe that First Pennsylvania's office will do harm to their office in Conshohocken, as well as Peoples office in Lafayette Hill and Liberty Real Estate in Andorra.

10/20 Ridge & Butler declined as per Corby P/T. 10/16.

RCA:emc

R.C.A.

[fol. 6205]

GOVERNMENT'S EXHIBIT 175

Memorandum

February 10, 1959.

To: Messrs. Geoffrey S. Smith, President George H. Brown, Jr., Executive Vice President O. H. Beadle, Senior Vice President.

From: S. S. Gardner

Mr. Zell G. Fenner, Assistant Vice President of the Federal Reserve Bank, called yesterday to inform us that the *Citizens and Southern Bank and Trust Company* has applied for permission to open a branch on the *Southeast Corner of Spring Garden and Broad Streets*.

The proposed branch will be in a ten-story office and loft building at 511-19 North Broad Street where the Burroughs Company was a former tenant. The building has entrances on Spring Garden and Broad Streets and is adjacent to a parking lot on Spring Garden Street.

As you know, Citizens and Southern is a small state-chartered bank which is not a member of the Federal Reserve System. The main office is located at 1849 South Street, and the bank now has one branch at 20th and Chestnut which was opened recently. Total deposits as of June 30th were \$3,432,000—up only about \$1,100,000 since December 31, 1950. The bank's capital and surplus is \$335,000, indicating a lending limit of \$33,500.

I do not recommend that we protest this application. The proposed site is close to the center city area and might be considered as falling into that category where protests would be given little consideration because of the general location. In addition, the bank itself is very small and can hardly be considered a threat to our commercial business. Although our Spring Garden Street Office is the closest bank to this site, it is still two full city blocks west of our location.

Our Spring Garden office manager, Mr. Pollock, feels that we might lose some "E" Bond and check cashing activity, and he expects that the new office might affect us most in special checking and saving fund business. He does not feel that any commercial accounts will be in jeopardy, including the one account we have now from a tenant in the building where the new branch will be located (Transport Agency, Inc.—approximate balance \$10,000).

S. S. Gardner.

SSG:emc

1. Please note.
2. File: Protests not entered.

[Vol. 6206]

## GOVERNMENT'S EXHIBIT 181

## Number of Commercial and Industrial Loans of Philadelphia National Bank and Girard in Philadelphia, Bucks, Montgomery and Delaware Counties, Pennsylvania as of October 5, 1955

Number of Loans—1955	Philadelphia National Bank			Girard			PMB & Girard Combined		
	4-Counties	All Other	Total	4-Counties	All Other	Total	4-Counties	All Other	Total
\$1- \$49,999 . . . . .	2,670	1,032	3,702	71% 1,146	210	1,356	85% 3,816	1,242	5,058
\$50,000- \$99,999 . . . . .	300	228	528	270	78	348	570	306	876
\$100,000- \$249,999 . . . . .	240	174	414	222	66	288	462	240	702
\$250,000- \$499,999 . . . . .	78	60	138	54	30	84	132	90	222
\$500,000- \$999,999 . . . . .	66	96	162	84	42	126	150	138	288
\$1,000,000 & Over . . . . .	27	20	47	7	16	23	34	36	70
Total Number . . . . .	3,381	1,610	4,991	1,783	442	2,225	5,164	2,052	7,216
Per Cent of Total . . . . .	67.7	32.3	100.0	80.1	19.9	100.0	71.6	28.4	100.0

Source: Tables 9 and 10.

[fol. 6207]

## GOVERNMENT'S EXHIBIT 183 (Revised)

Changes in the Number of Banks with Head Offices in Philadelphia Shown by Size of Bank

1940-1960<sup>1</sup>

Size of Bank in Total Assets (in \$ million)	Number of Banks					
	1940	1945	1950	1955	1960	1960 <sup>2</sup>
0-10.....	24	12	5	4	3	3
10-100.....	15	22	19	7	3	3
100-300.....	5	7	6	5	3	3
300-600.....	—	1	1	1	2	2
600-Over.....	1	1	1	3	3	2
Total.....	45	43	33	20	14	13

<sup>1</sup> Source: Government Exhibit 185.<sup>2</sup> Number if merger is approved.

[fol. 6208]

## GOVERNMENT'S EXHIBIT 184

Commercial Banks in the Four County Area  
(December 1960)

County	Number of Commercial Banks With H. O. In The County	Number of Competitive Commercial Banks With Offices In The County	Total Number of Commercial Banking Offices In The County
Philadelphia..	14 <sup>1</sup>	14	136
Delaware.....	1	11 <sup>2</sup>	44 <sup>2</sup>
Montgomery..	14	23	70
Bucks.....	9	15	34

Source: Government Exhibit "Commercial Banks With Head Offices in the Four-County Area and Location of Their Offices Within the Four Counties."

<sup>1</sup> Does not include:

Pennsylvania Warehousing and Safe Deposit Company  
 Finance Company of Pennsylvania  
 Brown Brothers Harriman and Company  
 First Camden National Bank & Trust Company.

<sup>2</sup> Includes a branch of the National Bank of Chester County & Trust Company.



[fol. 6209]

## GOVERNMENT EXHIBIT 185

TABLE

Changes in Commercial Banking in Philadelphia Four County Area as Measured  
by Changes in the Number of Independent Banks with Head Office in the County

1947-1960				
Number of Banks				
County	1947	1956	1960	1947-60
Philadelphia.....	39	19	16	-59%
Bucks.....	20	14	9	-55%
Delaware.....	15	2	1	-93%
Montgomery.....	34	23	16	-53%
Total.....	108	58	42	-61%

Source: 1947, 1956 from Keith Report; 1960 from *Polks Bank Directory*,  
September 1960.

[fol. 6210]

Changes in Philadelphia Commercial Banking as Measured by Assets and  
Number of Banks

1940-1960 <sup>1</sup>			
Assets Controlled by Six Largest Banks			
Year	Amount	Per Cent of Total Phila Banks-Assets	Number of Banks
1940.....	\$1,477,048	72.60	45
1945.....	2,201,671	67.01	43
1950.....	2,568,540	60.77	33
1955.....	3,315,015	80.22	20
1960.....	4,282,941	91.42	14
Decrease in Number of Banks 1940-60			68.9% -31-

Source: Rand McNally Bankers Directories for the Years 1940, 1945, 1951, 1955  
and *Polk's Bank Directory*, September 1960.

<sup>1</sup> During this period no new banks were started in Philadelphia.

<sup>2</sup> 000 omitted.

[fol. 6211]

**Concentration of Philadelphia Bank Assets  
1960**

Assets as of June 30, 1960		Total Banks—14
	(000 omitted)	%
First Pennsylvania Comapny.....	\$1,182,660	25.25
Philadelphia National Bank.....	1,086,147	23.18
Girard Trust—Corn Exchange.....	757,572	16.17
PNB—Girard Combined.....	1,843,719	39.35
Provident Tradersmens.....	512,383	10.94
Fidelity Philadelphia.....	446,130	9.95
Central Penn National.....	278,049	5.93
<b>Total Six Largest.....</b>	<b>4,282,941</b>	<b>91.42</b>
Broad Street Trust.....	143,200	
Liberty Real Estate.....	111,815	
Frankfort Trust.....	53,518	
Industrial Trust.....	44,434	
Second National.....	37,908	
Citizens and Southern.....	4,971	
Sonsitaly Bank and Trust.....	4,865	
Marian.....	1,067	
<b>Total All Banks But Six Largest.....</b>	<b>401,778</b>	<b>8.58</b>
<b>Total All Banks.....</b>	<b>4,684,719</b>	<b>100.00</b>
<b>Not Included:</b>		
Finance Co. of Penn.....	8,624	
Penn. Warehousing & Safe Deposit.....	4,933	
Brown Bros. Harriman—Total in New York, Boston and Philadelphia.....	253,611	
Philadelphia only—15% <sup>1</sup> .....	38,000	

Source: Polk's Bank Directory, September 1960.

Note: If Brown Bros. Harriman were included, the combined percentage for PNB-Girard would be 39%, for the six largest banks 90.7% and 9.3% for all other banks. Brown Bros. Harriman would constitute .8% of the Philadelphia County commercial banking assets.

<sup>1</sup> Estimate of Brown Bros. Harriman based upon Federal Reserve Bank allocations in exhibits 2, 3 and 4, all of which were substantially less than 15%.

[fol. 6212]

Concentration of Philadelphia Bank Assets  
1955

Assets as of June 30, 1955		Total Banks—20
	(000 omitted)	%
Philadelphia National .....	\$1,021,109	24.71
Pennsylvania Company .....	835,800	20.23
Girard Trust .....	645,207	15.61
Fidelity Philadelphia .....	344,778	8.34
Central Penn National .....	245,138	5.93
First National .....	222,983	5.40
<b>Total 6 Largest Banks .....</b>	<b>3,315,015</b>	<b>80.22</b>
Tradesmens Bank and Trust .....	222,790	
Provident Trust Co. ....	180,566	
Broad Street Trust Co. ....	110,665	
Liberty Real Estate .....	87,198	
Market Street National Bank .....	65,855	
Frankford Trust .....	46,509	
Second National .....	33,509	
Industrial Trust .....	28,966	
Roosevelt Bank .....	15,488	
Gimbel Bros. Bank & Trust .....	15,341	
Sonsitaly Bank & Trust .....	4,499	
Rzepaki Bank .....	2,704	
Citizens & Southern Bank & Trust .....	2,591	
Marian Bank .....	650	
<b>Total Banks other than 6 largest .....</b>	<b>817,331</b>	<b>19.78</b>
<b>Total All Banks .....</b>	<b>\$4,132,346</b>	<b>100</b>
<b>Not Included.</b>		
Brown Brothers Harriman, N. Y., Boston & Phila. ....	222,281	
Finance Co. of Penna. ....	14,059	
Pa. Warehousing & Safe Deposit .....	4,442	

Source: Rand McNally Bankers Directory Final 1955 Edition

[fol. 6213]

**Concentration of Phila. Commercial Bank Assets  
1950**

Total Banks—33

Assets as of December 31, 1950

	(000 omitted)	%
Philadelphia National .....	\$ 837,430	22.75
Pennsylvania Co. ....	733,712	19.93
Corn Exchange .....	302,878	8.23
Girard Trust .....	241,956	6.57
Fidelity Philadelphia .....	229,754	6.24
First National .....	222,810	6.05
<b>Six Largest Banks .....</b>	<b>2,568,540</b>	<b>69.77</b>
Provident Trust .....	152,588	
Central Penn National .....	148,679	
Tradesmen's Bank & Trust Co. ..	137,527	
Land Title Bank & Trust .....	90,053	
Market Street National .....	64,419	
Broad Street Trust .....	59,168	
Ninth Bank & Trust .....	56,405	
Liberty Title & Trust .....	46,332	
National Bank of Germantown ..	40,749	
Frankford Trust .....	40,145	
City National .....	35,699	
Real Estate Trust .....	32,874	
Second National .....	28,852	
Industrial Trust .....	26,624	
Northwestern National .....	25,909	
North Philadelphia Trust .....	21,330	
Northeast National .....	19,358	
Gimbel Bros. Bank & Trust .....	17,228	
South Philadelphia National .....	14,982	
Roosevelt Bank .....	12,163	
Wyoming Bank & Trust .....	12,070	
National Bank of Olney .....	10,196	
North Broad National .....	9,229	
Sonsitaly Bank & Trust .....	4,369	
Rzepski Bank .....	2,959	
Citizens & Southern .....	2,595	
Marian .....	557	
<b>Banks other than 6 largest .....</b>	<b>1,113,059</b>	<b>30.23</b>
<b>Total all banks .....</b>	<b>\$3,681,599</b>	<b>100</b>

## Not Included

Brown Brothers Harriman, N.Y., Boston & Phila.	256,695
Finance Co. of Pennsylvania .....	15,117
Pa. Warehousing & Safe Deposit .....	3,595

Source: Rand McNally Bankers Directory First 1951 Edition

[fol. 6214]

Concentration of Philadelphia Bank Assets  
1945

Assets as of December 31, 1944

Total Banks—43

	(000 omitted)	%
Philadelphia National	\$ 774,126	23.56
Pennsylvania Co.	517,019	15.74
Corn Exchange	217,478	8.26
Girard Trust	243,852	7.42
Fidelity Philadelphia	208,849	6.36
First National	186,347	5.67
<b>Total Six Largest Banks</b>	<b>2,201,671</b>	<b>67.01</b>
Tradesmen's Bank and Trust	144,434	
Central Penn National	137,701	
Provident Trust	136,994	
Land Title Bank and Trust	85,972	
Market Street National	63,032	
Ninth Bank & Trust	43,535	
Germantown Trust	41,527	
National Bank of Germantown	32,738	
Real Estate Trust	31,741	
Kensington National	31,248	
Liberty Title & Trust	30,452	
Northern Trust	26,964	
City National	26,320	
Frankford Trust	23,922	
Industrial Trust	20,659	
Second National	19,310	
Broad Street Trust	18,395	
North Philadelphia Trust	16,797	
Erie National	15,954	
Northwestern National	14,977	
Mid City Bank & Trust	14,514	
South Philadelphia National	13,554	
Northeast National	12,899	
Security Bank & Trust	11,648	
Gimbel Bros. Bank & Trust	11,646	
Roosevelt Bank	9,417	
Wyoming Bank & Trust	7,743	
North Broad National	6,862	
National Bank of Olney	6,853	
Tioga National	6,454	
Morris Plan Bank of Phila.	5,056	
Chestnut Hill Title and Trust	3,867	
Banca D'Italia & Trust Co.	2,928	
<b>Balance Forward</b>	<b>3,276,784</b>	



[fol. 6215]

1945

(000 omitted)

%

Balance carried Forward .....	3,276,784	
Sonsitaly Bank & Trust .....	2,907	
Citizens and Southern .....	2,273	
Rsepski Bank .....	2,242	
Marian .....	300	
<b>Total Banks Other Than 6 Largest .....</b>	<b>1,083,855</b>	<b>32.99</b>
<b>Total All Banks .....</b>	<b>\$3,285,506</b>	<b>100</b>

## Not Included

Brown Brothers Harriman, N.Y., Boston & Phila.	180,612
Finance Co. of Pa.	12,764
Pa. Warehousing & Safe Deposit .....	2,531

Source: Rand McNally Bankers Directory First 1945 Edition

[fol. 6216]

Concentration of Philadelphia Bank Assets  
1940

Total Banks—45

Assets as of December 31, 1939

(000 omitted)

%

Philadelphia National .....	\$ 617,897	30.37
Pennsylvania Co. ....	303,129	14.90
Fidelity Philadelphia .....	151,337	7.44
Corn Exchange .....	142,052	6.98
Girard Trust .....	138,805	6.82
First National .....	123,828	6.09
<b>Total 6 Largest Banks .....</b>	<b>1,477,048</b>	<b>72.60</b>

Central Penn National .....	77,631
Provident Trust .....	71,679
Tradesmen's Bank and Trust .....	61,708
Land Title Bank and Trust .....	50,490
Market Street National .....	44,066
Germantown Trust .....	26,062
Ninth Bank & Trust .....	23,502
National Bank of Germantown .....	18,259
Northern Trust .....	17,436
Real Estate Trust .....	14,784
Frankford Trust .....	14,064
Industrial Trust .....	13,949

Liberty Title & Trust .....	13,791
Kensington National .....	11,829
City National .....	11,613
Second National .....	9,858
Mitten Bank & Trust .....	9,839
North Philadelphia Trust .....	9,823
Erie National .....	5,738
Northeast National .....	4,683
Security Bank & Trust .....	4,526
South Philadelphia National .....	4,440
Northwestern National .....	4,034
Wyoming Bank & Trust .....	3,546
Gimbel Bros. Bank & Trust .....	3,409
Broad Street Trust .....	3,366
Tioga National .....	3,226
Roosevelt Bank .....	3,067
North Broad National Bank .....	2,809
National Bank of Olney .....	2,606
Pennsylvania Joint Stock Land Bank .....	2,285
Morris Plan Bank of Philadelphia .....	2,273
Chestnut Hill Title and Trust .....	2,012
Balance Forward .....	2,029,452

[fol. 6217]

1940

(000 omitted)

%

Balance Brought Forward .....	\$2,092,452
Banca D'Italia & Trust Co. ....	1,203
Sonsitaly Bank & Trust .....	1,145
Morris Plan Co. ....	1,061
Rzepski Bank .....	795
Citizens & Southern .....	728
Marian Bank .....	82

Total All-Banks but 6 Largest .....	557,418	27.40
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Total All Banks .....	<u>\$2,034,466</u>	100
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## Not Included:

Brown Brothers Harriman; N.Y., Boston & Phila. ....	123,951
Drezel & Co. & J. P. Morgan .....	671,577
Finance Co. of Penna. ....	12,583
First Trust .....	434
Pa. Warehousing & Safe Deposit .....	2,706

Source: Rand McNally Bankers Directory First 1940 Edition

Commercial Banks with Head Offices in the Four-County Area and Location of their Offices within the Four Counties  
(December 1960)

Name of Bank	Philadelphia	Delaware	Montgomery	Bucks	Total
<b>Banks with H. O. in Philadelphia:</b>					
Philadelphia National Bank	10 (One additional branch approved but not opened)	5	7	5	27
Girard Trust Corn Exchange	20 (One additional branch approved but not opened)	12	6	0	38
PNB-GTCX Combined	30	17	13	5	65
First Penna. Banking & Trust Co.	30	4	3	1	38
Provident-Tradescans	12	4	2	2	20
			(Includes Collegeville Nat'l. Bank acquired December 1960.) <sup>13</sup>		
Fidelity-Philadelphia	11	5	6	5	27
Central-Penn.	12	0	1	5	18
Broad Street Trust	12	3	1	0	16
Liberty Real Estate	9	1	0	0	10
Citizens & Southern Bank	2	0	0	0	2
Frankford Trust Co.	3	0	0	0	3
Industrial Trust Co.	8	0	1	0	9
			(Perkiomen Nat'l. Bank acquired Dec. 1960.)		
Second National Bank of Philadelphia	5	0	0	0	5
Sonsitaly	1	0	0	0	1
The Marian Bank	1	0	0	0	1
Total for All Banks with H. O. in Phila.	136	34	27	18	215

[col. 6219]

Name of Bank	Philadelphia	Delaware	Montgomery	Bucks	Total
All Banks with H. O. in Montgomery:					
Montgomery County Bank & Trust	0	0	11	0	11
Bridgeport National Bank	0	0	1	0	1
Bryn Mawr Trust Company	0	1	2	0	3
Cheltenham National Bank	0	0	5	0	5
Elkins Park National Bank	0	0	1	0	1
Harleysville National Bank	0	0	2	0	2
Jenkintown Bank & Trust	0	0	4	0	4
Peoples National Bank of Norristown	0	0	6	0	6
Security Trust of Pottstown	0	0	2	0	2
National Bank of Royersford	0	0	1	0	1
National Bank & Trust Co. of Schwenksville	0	0	1	0	1
Peoples National Bank of Souderston	0	0	3	0	3
Union National B. & T. Co. (Souderston)	0	0	3	0	3
Bank of Old York Road	0	0	3	0	3
Total for All Banks with H. O. in Montgomery	0	1	43	0	44

Banks with H. O. in Delaware:

Delaware County National Bank	0	8	0	0	8
Total for All Banks with H. O. in Delaware	0	8	0	0	8

[fol. 6220]

Name of Bank	Philadelphia	Delaware	Montgomery	Bucks	Total
<b>Banks with H. O. in Bucks:</b>					
The Chalfont National Bank	0	0	0	1	1
Doyletown National Bank	0	0	0	4	4
Doyletown Trust Co.	0	0	0	1	1
Morrisville Bank	0	0	0	2	2
Solebury National Bank of New Hope	0	0	0	1	1
Bucks County Bank & Trust Co.	0	0	0	4	4
Quakertown National Bank	0	0	0	1	1
First National Bank of Ruegelsville	0	0	0	1	1
First National Bank & Trust Co. (Newtown)	0	0	0	1	1
<b>Total for All Banks with H. O. in Bucks</b>	0	0	0	16	16
<b>All Banks Except PNB &amp; GTCX</b>	106	26	57	29	218
<b>PNB-GTCX Combined</b>	30	17	13	5	65
<b>Grand Totals</b>	136	43	70	34	283

**Does Not Include:**

Pennsylvania Warehousing and Safe Deposit Company  
 Finance Company of Pennsylvania  
 Brown Brothers Harriman & Company  
 First Camden National Bank & Trust Co. (New Jersey Bank with one office in Philadelphia)  
 National Bank of Chester County & Trust Co. (Chester County Bank with one office in Delaware County)

[fol. 6221]

Sources: PNB & GTCX information taken from answers to the government's complaint; annual reports for 1960; and maps appended to the application filed by PNB & GTCX with the Comptroller of the Currency.

Information on other banks from Report by Board of Governors of the Federal Reserve System to the Comptroller of the Currency under Section 18 (c) of the Federal Deposit Insurance Act on this proposed consolidation; annual reports for 1960 of some of the banks; the maps appended to the application filed by PNB & GTCX with the Comptroller; the Philadelphia Yellow Pages, January 1961; and the Delaware County-Main Line Telephone Directory, May 1960.



[fol. 6222] GOVERNMENT'S EXHIBIT 188

Organized 1803

THE PHILADELPHIA NATIONAL BANK  
Philadelphia-1, Pa.

Fredéric A. Potts,  
President.

January 26, 1961.

The Honorable Ray M. Gidney,  
Comptroller of the Currency,  
Washington 25, D. C.

DEAR MR. GIDNEY:

In our discussions in Washington last week, respecting the merger application of The Philadelphia National Bank and the Girard Trust Corn Exchange Bank, it was made clear to us that under the new merger act the various advisory agencies, in their opinions, deal solely with the competitive aspects involved in the proposal, whereas your Office, having the final decision in the matter, considers also the technical banking factors, including the question of needs of the community, and therefore the public interest.

It appeared from our discussions that there may be some question whether the merger might result in an undue lessening of competition in the Philadelphia metropolitan area. Although we presented orally our reasons for believing that this merger will not so lessen local banking competition, we would like to restate our reasons for this conviction and furnish some further data bearing on this question.

The local situation divides itself into two distinct parts:

- First, the activities of the main offices and nearby branch offices in the center of the city, which render banking services principally to businesses, professions and large individual accounts.

Second, the activities of the neighborhood and suburban branch offices, which render banking services, both business and personal, to the local communities throughout the rest of Philadelphia County and the surrounding counties.

These two separate competitive fields are discussed in the attached memorandum, as well as "share of the market" and other related factors. I hope that the information submitted herewith may help to clarify some of the basic issues that may not have been fully covered in our original Application.

Sincerely, Frederic A. Potts, President.

CC—Mr. Erle Cocks, Chairman, Federal Deposit Insurance Corporation.

[fol. 6223] Comments Regarding Competitive Factors in Proposed Merger Between the Philadelphia National Bank and Girard Trust Corn Exchange Bank.

Exhibit A attached hereto shows that the service area IPC deposits and loans of the Charter Bank, the Merging Bank and the Resulting Bank are distributed between Main Office and central city branches on the one hand, and neighborhood and suburban branches on the other hand, as follows:

% Distribution of IPC Service Area Deposits

	Charter Bank	Merging Bank	Resulting Bank
Main Offices.....	58.07%	44.12%	51.28%
Branch Offices			
In Phila. "Neighborhood" Areas.....	16.67	39.15	27.61
In Suburban Areas.....	25.26	16.73	21.11
Sub-total.....	41.93	55.88	48.72
Grand Total.....	100.00%	100.00%	100.00%

% Distribution of IPC Service Area Loans

	Charter Bank	Merging Bank	Resulting Bank
Main Offices.....	70.22%	32.70%	58.45%
Branch Offices			
In Phila. "Neighborhood" Areas.....	5.51	40.92	16.62
In Suburban Areas.....	24.27	26.38	24.93
Sub-total.....	29.78	67.30	41.55
Grand Total.....	100.00%	100.00%	100.00%

Competitive Factors in Main Office and Central City Branches.

The deposit and loan accounts serviced at these offices consist of three general types, as follows:

1. Those which are national and international in scope.

2. Those which are derived from regional or local corporations of a size which permits them to do their banking in New York and other cities as well as in Philadelphia.
3. Those which are strictly local in character, consisting of moderate size and small businesses, professional firms, and large individual customers.

*National and International Accounts*—These appear to present no competitive problem, since they have large alternative banking facilities available throughout the entire country, particularly in New York.

[fol. 6224] *Regional and Large Local Accounts*—For these accounts it cannot be said that the local area, or even the regional area, is the service area. In fact, many of these corporations do go to New York, and to some extent to other cities, for a major part of their total banking needs. Hence, as to these large regional and local accounts, it is also proper to say that the merger cannot have any undue competitive effect.

Like the national and international accounts the competitive area includes at least New York and Pittsburgh, and even Chicago, Detroit, Cleveland and other cities. Since the Philadelphia banks, because of their inadequate size, do not now in any sense control these deposits locally, it is difficult to see how the creation of a somewhat larger bank can adversely affect the other banks in Philadelphia. The merged bank would be competing principally with New York and other cities to recover for Philadelphia more of this business.

*Strictly Local Main Office Accounts*—The loan requirements and deposit business of these customers can be just as well handled by any one of the other banks in Philadelphia after the merger as before. This local central city business does not seek banking facilities because of size. In fact, there is a tendency on the part of such customers to feel that they will not obtain from a very large bank the same personal attention and interest which they can obtain for a smaller bank. There has been a trend, which has been quite apparent after earlier mergers when smaller banks have become larger banks, to have the larger merged banks lose rather than gain this type of business. Proof

of this is provided by the letter (a copy of which he has sent to us) which you have received from Mr. Hubert J. Horan, Jr., Chairman and Chief Executive Officer of the Broad Street Trust Company, which is at the present time Philadelphia's seventh largest bank with deposits of approximately \$145,000,000. He gives direct confirmation of what we have found to be the effect of mergers creating larger banks in this city during the past ten years. We know that this has been the effect, and it is further proved by the fact that the smaller banks have increased their deposits proportionately faster than the large banks in Philadelphia the past five years, as evidenced by the data provided on pages 138 to 140 of the Application.

Furthermore, since any of the six or eight largest banks in Philadelphia can, from the point of view of size, adequately serve these small and moderate size business firms and the large individual depositors, the competition for this business comes not from size but rather from the degree of excellence of the service which is rendered by the particular bank, and the extent of sales effort directed toward obtaining this type of business. As to excellence of service, any one of the six or eight larger banks in Philadelphia is just as able to provide it as is a large bank. As to the intensity of the sales effort to obtain this type of business, the large banks inevitably tend to direct their efforts toward larger accounts and perhaps may not spend the same effort in obtaining the moderate and small size accounts as do the less large banks.

[fol. 6225] **Competitive Factors in Neighborhood and Suburban Branches.**

An inherent fact in this type of banking is that each neighborhood or community adjacent to a branch bank is its own competitive banking area, separate and distinct from other neighborhood and community areas. This is so because the branch bank is entirely dependent for the deposit, loan and other banking business which it can generate, upon the convenience of the particular branch office to the small businesses and residents in that community.

From the customer's viewpoint, the two most important factors are convenience of location (to his place of business,

his home, or his wife's shopping area) and the quality of service. He is not too much concerned whether the branch is operated by Bank X or Bank Y, though as a matter of fact he often will favor the independent bank (because of the so-called personal touch) in preference to a branch of a large city bank.

Within each branch service area, competition exists with all banking offices that are located conveniently thereto. Sampling has shown that as a rule of thumb, a neighborhood branch in Philadelphia obtains a very substantial portion of its deposits from within a one-mile radius. In the suburbs, a two-mile radius generally applies, though variations will occur because of terrain, accessibility by roads, etc.

The IPC deposits and loans of neighborhood and suburban branch offices of the Charter Bank (detailed on pages 63 and 64 of the Application) are summarized as follows:

Type of Branch and Branch Number	No. of Branches	IPC Deposits	IPC Loans
Neighborhood Phila. (Nos. 237-244)	8	\$ 84,027M	\$ 21,382M
Suburban (Nos. 245-262)	18	127,370	94,174
	26	\$211,397M	\$115,556M

Similar data for the Merging Bank (detailed on pages 59 and 60 of the Application) are as follows:

Type of Branch and Branch Number	No. of Branches	IPC Deposits	IPC Loans
Neighborhood Phila. (Nos. 147-165)	19(b)	\$187,200M	\$ 72,600M
Suburban (Nos. 166-183)	18	80,000	46,800
	37	\$267,200M	\$119,400M

Notes: (a) Includes branches No. 245 and 255, approved but not opened.

(b) Includes branch No. 149, approved but not opened.

A most significant fact about these branches is that they are geographically distributed in such a way that there is virtually no overlap of service areas, and consequently virtually no lessening of competition. In only six of the Charter Bank's 26 neighborhood and suburban branch locations could it be said that there is *any* overlap of service area with branches of the Merging Bank. In 5 of these 6 cases there



is a very minor overlap of service area; competition will [fol. 6226] not be lessened because:

1. The same number of banking facilities will still be available, the only difference being that the branches of the Charter Bank and the Merging Bank will be under one central management rather than two.
2. A wide choice of alternative facilities is available in each such case:

PNB Branch	Branches of Other Competing Banks That Could Be Used
239	186, 189, 104, 188, 5, 105, 190
241	5, 104, 186, 210, 106, 284
242	284, 107, 272
243	108, 272, 190, 285, 142, 204
256	24, 25, 138, 139

In the sixth case where there is an overlap, a branch of the Charter Bank will be closed as a result of the merger (No. 251 with deposits of \$780M and loans of \$311M). There is no customer inconvenience involved, because the Merging Bank has an office right next door, and competition is not unduly lessened because the following offices of competing banks are nearby: 132, 209, 91, 90.

#### New Branch Offices.

A question might be raised as to whether the Resulting Bank could lessen competition by getting approval for more than its share of new branch offices. Recent history provides a "no" answer to this question. For example, the Charter Bank moved into direct competition with The Delaware County National Bank on February 20, 1954, when it merged with Chester-Cambridge Bank and Trust Company. Since that time the Charter Bank has opened one new branch in the Chester Area (and that one under a pre-merger approval), whereas Delaware County National has opened five.

Likewise, in the Norristown area, the Charter Bank has just opened its first new branch since its merger with Montgomery National Bank of Norristown on February 20, 1954. The competing Montgomery County Bank and Trust Company has opened three de novo, and acquired five others by merger, and the Peoples National Bank and Trust Company has opened four, and acquired one by merger.

### Share of the Market.

Pages 123 and 124 of the Application show that with regard to personal trusts and consumer loans, the Resulting Bank will still be in *second* position in Philadelphia in these fields, which is just where the Merging Bank is now.

With regard to mortgage loans, the Resulting Bank will continue to have a relatively insignificant share of the market.

[fol. 6227] With regard to IPC service area deposits (as defined very carefully and specifically in the Application Form) the Resulting Bank will have a 21.03% share of the market, as shown on page 90 of the Application. However, this overstates the share of the market, because it is based on commercial banks alone, and completely ignores the savings deposits of Mutual Savings Banks and shares of Savings and Loan Associations in the area. Adjusting for these important competitive elements, the Resulting Bank's share of the market is only 12.60% as shown by the following figures (taken from Exhibits A and B of the Application):

	Estimated IPC Deposits	
	Amount	%
Resulting Bank .....	\$ 961,781,000	12.60%
All Other Commercial Banks .....	3,611,077,000	47.32
Mutual Savings Banks .....	1,800,300,000	23.59
Savings & Loan Associations .....	1,257,900,000	16.49
	<b>\$7,631,058,000</b>	<b>100.00%</b>

### General Effect on Competing Banks.

In broad terms, it can be stated that the proposed merger should help rather than hurt competing banks in Philadelphia. Some business is likely to shift from the Resulting Bank to other local competitors, from mutual customers of the Charter Bank and the Merging Bank who will desire or need two Philadelphia banking connections post-merger. Furthermore, to the extent that the Resulting Bank can attract banking and other business to the Philadelphia area because of its added stature, all banks in the area should benefit either directly or indirectly.

[Vol. 6228]

## EXHIBIT A

## Distribution of IPC Deposits and Loans within Service Areas of Charter Bank, Merging Bank and Resulting Bank

	Charter Bank		Merging Bank		Resulting Bank	
	Amount	%	Amount	%	Amount	%
<b>IPC Deposit Distribution</b>						
Main Offices (a).....	\$292,742M	58.07%	\$211,000M	44.12%	\$503,742M	51.28
Branch Offices:						
In Phila. "Neighborhood" Areas.....	84,027	16.67	187,200	39.15	271,227	27.61
In Suburban Areas.....	127,370	25.26	80,000	16.73	207,370	21.11
Sub-total.....	211,397	41.93	267,200	55.88	478,597	48.72
<b>Grand Total.....</b>	<b>\$504,139M (b)</b>	<b>100.00%</b>	<b>\$478,200M</b>	<b>100.00%</b>	<b>\$982,339M (b)</b>	<b>100.00%</b>
<b>IPC Loan Distribution</b>						
Main Offices (a).....	\$272,539M	70.22%	\$ 58,000M	32.70%	\$330,539M	58.45%
Branch Offices:						
In Phila. "Neighborhood" Areas.....	21,382	5.51	72,600	40.92	93,982	16.62
In Suburban Areas.....	94,174	24.27	46,800	26.38	140,974	24.93
Sub-total.....	115,556	29.78	119,400	67.30	234,956	41.55
<b>Grand Total.....</b>	<b>\$388,095M (b)</b>	<b>100.00%</b>	<b>\$177,400M</b>	<b>100.00%</b>	<b>\$565,495M (b)</b>	<b>100.00%</b>

Notes: (a) Includes the 421 Chestnut Street Office of the Charter Bank and the 17th Street and Pennsylvania Boulevard Office of the Merging Bank, whose deposit and loan characteristics are essentially similar to those of the main offices.

(b) These totals are higher than the totals for the Charter Bank and the Resulting Bank, shown on page 90 of the Application, by the amount of deposits and loans of the Charter Bank's main office service area (as shown on page 46 of the Application) that fall outside the service area of the Bank as a whole.

[fol. 6229]

## GOVERNMENT'S EXHIBIT 191

Loan Limits of Commercial Banks with Head Offices in Philadelphia, Montgomery, Delaware & Bucks. Counties, Pennsylvania, as of December 31, 1960  
(000 Omitted)

Banks with Head Offices  
in Philadelphia

Philadelphia National Bank.....	\$8,000	
Girard Trust Corn Exchange Bank.....	6,000	
PNB & Girard Combined.....		\$14,000
First Penna. Banking & Trust Co.....	7,705	
Provident Tradesmens.....	5,000	
Fidelity-Philadelphia.....	3,750	
Central-Penn.....	2,140	
Broad Street Trust.....	1,160	
Liberty Real Estate.....	726	
Citizens & Southern Bank.....	35	
Frankford Trust Co.....	330	
Industrial Trust Co.....	418	
Second National Bank of Philadelphia.....	300	
Sonsitaly.....	30	
The Marian Bank.....	91	

Total for All Banks with Head Offices in Philadelphia<sup>1</sup>..... \$35,603

<sup>1</sup> 10% of "net worth" of \$90,000. Does not include "undivided profit" or "reserves."

<sup>2</sup> Does not include Pennsylvania Warehousing & Safe Deposit Co., Philadelphia, Loan Limit \$150,000; Finance Company of Pennsylvania, Philadelphia, Loan Limit \$458,000; Brown Brothers Harriman & Co., New York, Boston, Philadelphia, Loan Limit \$1,889,000; First Camden National Bank & Trust Co., Camden, a bank with 7 offices in New Jersey and one office in Philadelphia, Total Loan Limit \$750,000.

[fol. 6230]

All Banks with Head Offices  
in Montgomery County

Montgomery County Bank & Trust (Norristown).....	\$ 870
Bridgeport National Bank.....	70
Bryn Mawr Trust Company.....	265
Cheltenham National Bank.....	122
Elkins Park National Bank.....	12
Harleysville National Bank.....	53
Jenkintown Bank & Trust.....	250
Peoples National Bank of Norristown.....	255
Security Trust of Pottstown.....	100
National Bank of Royersford.....	65
National Bank & Trust Co. of Schwenksville.....	50
Peoples National Bank of Souderton.....	35
Union National Bank & Trust Co. (Souderton).....	150
Bank of Old York Road (Willow Grove).....	90

Total for All Banks with Head Offices in Montgomery County..... \$2,387

**Banks with Head Offices  
in Delaware County**

Delaware County National Bank.....	253
<b>Total for All Banks with Head Offices in Delaware County<sup>1</sup></b> .....	<b>\$ 253</b>

<sup>1</sup> Does not include National Bank of Chester County & Trust Co., a Chester County bank with one office in Concordville, Delaware County, Loan Limit \$180,000.

[fol. 6231]

**Banks with Head Offices in  
Bucks County**

The Chalfont National Bank.....	\$ 25
Doylestown National Bank & Trust Co.....	125
Doylestown Trust Co.....	100
Morrisville Bank.....	71
Solebury National Bank of New Hope.....	53
Bucks County Bank & Trust Co. (Perkasie).....	132
Quakertown National Bank.....	115
First National Bank of Riegelsville.....	50
First National Bank & Trust Co. of Newtown.....	100

**Total for All Banks with Head Offices in Bucks  
County**..... **\$ 771**

**Total for Banks with Head Offices in Phila-  
delphia, Montgomery, Delaware & Bucks  
Counties**

PNB & Girard Combined.....	\$14,000
All Banks Except PNB & Girard.....	25,014
<b>Grand Total</b> .....	<b>\$39,014</b>

Source: *Polk's Bank Directory*, 133rd Edition, March 1961, R. L. Polk & Co., Nashville, Tennessee.

[fol. 6232]

**GOVERNMENT'S EXHIBIT 192**

**Inter-Office Memorandum**

**March 8, 1960.**

**To: Mr. O. H. Beadle, Senior Vice President**

**From: S. S. Gardner**

**Re: Oregon Avenue Shopping Center, South Philadelphia**

I have discussed the proposed office of *Ritter Finance* at this location with M. H. Callender, who handles the account of Ritter, and J. K. Neeley in the absence of H. W. Ritter, Consumer Credit. Ritter Finance is a very



good client of ours, as you know, and M. H. Callender feels we have more than a normal finance company relationship since the principals bank with us and we have trust connections, etc. With the diversity of our consumer credit operations, we can offer any type of credit available from Ritter Finance (much of it at a lower rate), and I do not think we should lose much good business. Ritter Finance concentrates more on the high rate, small personal loans.

I recommend that we tell Penn Fruit that we appreciate their inquiry and do not have any objection to their leasing to Ritter Finance. M. H. Callender will try to use this eventually to help us with Ritter, but without disclosing that Penn Fruit called.

SSG:mc

S. S. Gardner.

Officers and employees are requested to transmit immediately to the central file any information coming to their attention that directly or indirectly affects any of our customers or that is of general interest. It is in this way that we are enabled to keep our files up to date. Take up one subject on this sheet—continue on back if necessary.

cc: Mr. M. H. Callender, V.P.

G. 5—Girard Trust Corn Exchange Bank.

2900.

[fol. 6233] | GOVERNMENT'S EXHIBIT 194

THE PHILADELPHIA NATIONAL BANK

Memorandum

February 20, 1961.

To: Henry Satterfield, Assistant Vice President.

From: Robert B. Lowry, Time Credit Manager.

Subject: Sylvan Pools, Inc.

During 1960 we purchased time paper from Sylvan Pools at the following rates:

0—\$3,500—5%

\$3,501—\$5,000—4½%

\$5,001 and over—4%

There was no participating or loss reserve.

Our competition for this dealer's paper has been with the folks from Girard Trust Corn Exchange. Mr. Clark and I visited this account early in February with the idea of discussing a possible "raise in rate" which I felt could be accomplished if and when the merger became a reality, and competition between banks eliminated.

During our conversations with Messrs. Herman and Ira Silverman, owners of this company, we were informed that Girard Trust had offered the following reduction in rate for the purchase of their paper.

0—\$4,000—5%

\$4,001—and over—4%

(A rate reduction to a mutual dealer seemed strange at this time, however, this was later verified)

This is a firm offer and it has been accepted by the folks at Sylvan Pools along with the request that we match this offer pending the merger and for 1961.

Dealer also informed us that Girard Trust purchased their paper originating anywhere in the State of New Jersey, two counties in Delaware, and parts of Maryland. The Average balance financed is approximately \$4,500.

Under the circumstances, I recommend the following:

1. We match the rate reduction.
2. We purchase any or all of their New Jersey paper—extend our facilities as an exception here (No conflict with First Camden)
3. We refrain from extending our facilities into Delaware until a study has been made of the requirements set forth in the new law.
4. We refrain from extending our facilities into Maryland and recommend an alert correspondent bank in this state.

[fol. 6234] Sylvan Pools, Inc. is today a nationally recognized leader in this industry and one of the finest accounts in our dealer portfolio. There is a volume potential here of approximately \$500,000 in 1961, and I feel every effort should be extended to maintain and expand a profitable "PNB—dealer" relationship.

R. Lowey.

2/24/61—I find it "real hard" to get enthused over this deal. Average deal will run 4500 which means the paper will be going on the books at 4% and in most cases will be set up for 5 yrs. This is *low* for non-recourse paper—(We don't even go this low on most anti repurchase paper.) Gross yield at 4% over five years is \$7.42 simple int. I know that swimming pool paper has been good but even though we can get a volume I'm concerned with the *profit*. No mention is made of Credit Life Insurance so I assume it's not to be *included*. I think performance-wise we wouldn't have to be concerned (if good credit judgement is used) but this paper in N.J. won't generate additional business for our bank. In view of these facts I suggest we decline.

(Signature Illegible) 2/24/61

[fol. 6235]

## GOVERNMENT'S EXHIBIT 195.

Proportion of Demand Deposit Accounts Under \$10,000 of Philadelphia National Bank and Girard-Trust Corn Exchange Bank Originating in Philadelphia, Bucks, Delaware and Montgomery Counties as of April and May 1961.

	Four Counties	Other Areas	Total
Philadelphia National Bank			
Per Cent of Accounts From .....	97.4	2.6	100.0
Girard Trust Corn Exchange Bank			
Per Cent of Accounts From .....	94.9	5.1	100.0

Sources: Random sampling of accounts taken by defendants and submitted to the Government in May 1961.

## GOVERNMENT'S EXHIBIT 196

[fol. 6236]

Concentration of Deposits, Loans and Capital Funds of Commercial Banks in Philadelphia, Bucks, Delaware and Montgomery Counties As Shown by Relative Size of Six Largest Banks and Effect of Proposed Consolidation of Philadelphia National Bank and Girard Trust Corn Exchange Bank on Such Concentration As of October 3, 1960

	Millions of Dollars			Relative Size (Largest Equals 100)		
	Total Deposits	Total Net Loans	Total Capital Funds	Total Deposits	Total Net Loans	Total Capital Funds
<b>Before Consolidation</b>						
First Penna B & T Co.	\$1,022	\$659	\$ 95	100	100	100
Phila. National Bank	987	549	95	97	83	99
Girard Trust Corn Exchange	669	407	75	65	62	79
Provident Tradesmens B & T Co.	457	282	58	45	43	61
Fidelity Phila. Trust Co.	431	253	44	42	38	46
Central-Penn National Bank	242	165	25	24	25	26
<b>After Consolidation</b>						
Phila. National & Girard Combined	\$1,655	\$955	\$170	100	100	100
First Penna B & T Co.	1,022	659	95	62	69	56
Provident Tradesmens B & T Co.	457	282	58	28	30	34
Fidelity Phila. Trust Co.	431	253	44	26	26	26
Central-Penn National Bank	242	165	25	15	17	15
Broad Street Trust Co.	132	99	13	8	10	7

Sources: Government Exhibits 2, 3 and 4. (Tables 2, 3 and 4).



[Vol. 6237]

## GOVERNMENT'S EXHIBIT 197

Comparison of Growth by Acquisitions with other Growth of Philadelphia National Bank and Girard Trust Company December 31, 1949  
to December 31, 1959

(Dollars in Thousands)

Girard Trust Company	Deposits \$	Inc. %	Loans \$	Inc. %	Total Assets \$	Inc. %	Capital Accounts \$	Inc. %	Operating Earnings \$	Inc. %
December 31, 1959.....	\$659,135		\$387,427		\$753,044		\$72,517		\$7,145	
December 31, 1949.....	215,939		69,343		237,125		18,707		1,784	
Total Growth, 1949-1959 <sup>1</sup> .....	443,196	205%	318,084	459%	515,919	218%	53,810	288%	5,364	301%
Growth by Acquisitions <sup>2</sup> .....	401,636	186	117,714	170	438,597	185	30,450	163	2,234	125
Growth due to Sale of Stock.....							4,746	25 <sup>3</sup>		
Other Growth <sup>4</sup> .....	41,560	19	200,370	289	77,322	33	18,614	100	3,130	176
Philadelphia National Bank										
December 31, 1959.....	\$949,669		\$486,188		\$1,064,836		\$91,560		\$8,311	
December 31, 1949.....	674,513		146,406		743,289		61,071		4,928	
Total Growth, 1949-1959 <sup>1</sup> .....	275,156	41%	339,782	232%	321,547	43%	30,489	50%	3,383	69%
Growth by Acquisitions <sup>2</sup> .....	172,968	26	41,354	28	189,840	26	15,878	26	1,191	24
Growth due to Sale of Stock.....										
Other Growth <sup>4</sup> .....	102,188	15	298,428	204	131,707	18	14,611	24	2,192	44

Source: Application of defendants filed with the Comptroller of the Currency, pp. 23, 86 and 87.

<sup>1</sup> Percentages are dollars in Line 3 divided by dollars in Line 2.

<sup>2</sup> Percentages are dollars in Line 4 divided by dollars in Line 2.

<sup>3</sup> Percentages are dollars in Line 5 divided by dollars in Line 2.

<sup>4</sup> Percentages are dollars in Line 6 divided by dollars in Line 2.

## GOVERNMENT'S EXHIBIT 198

[fol. 6238]

## Percentage Analysis of Growth of Philadelphia National Bank and Girard Trust Company December 31, 1949 to December 31, 1959

	Dollars (Thousands)			Per Cent of Total		
	PNB	Girard	PNB and Girard Combined	PNB	Girard	PNB Girard Combined
<b>Total Growth 1949 to 1959</b>						
Deposits.....	\$275,156	\$443,196	\$718,352	100%	100%	100%
Loans.....	339,782	318,084	657,866	100	100	100
Total Assets.....	321,547	515,919	837,466	100	100	100
Capital Accounts.....	30,489	53,810	84,299	100	100	100
Net Operating Earnings.....	3,383	5,364	8,747	100	100	100
<b>Growth by Acquisitions</b>						
Deposits.....	\$172,968	\$401,636	\$574,604	63%	91%	80%
Loans.....	41,354	117,714	159,068	12	37	24
Total Assets.....	189,840	438,597	628,437	59	85	75
Capital Accounts.....	15,878	30,450	46,328	52	57	55
Net Operating Earnings.....	1,191	2,234	3,425	35	42	39
<b>Other Growth</b>						
Deposits.....	\$102,188	\$41,560	\$143,748	37	9	20
Loans.....	298,428	200,370	498,798	88	63	76
Total Assets.....	131,707	77,322	209,029	41	15	25
Capital Accounts.....	14,611	23,360 <sup>1</sup>	37,971 <sup>1</sup>	48	43*	45*
Net Operating Earnings.....	2,192	3,130	5,322	65	58	61

Source: Application of defendants filed with the Comptroller of the Currency, pp. 23, 86 and 87.

<sup>1</sup> Include \$4,746,000 due to sale of stock.

\* 8.8% due to sale of stock and 34.6% due to other growth.

\* 5.6% due to sale of stock and 39.4% due to other growth.

[fol. 6239] GOVERNMENT'S EXHIBIT 199

Answer of Girard Trust Corn Exchange Bank to Questions  
4 and 5 Submitted by Plaintiff

Questions 4 and 5: With the one exception stated below there have been no occasions since January 1, 1956 when Girard Trust Corn Exchange Bank has been unable to make a loan or extend a line of credit to any customer or any other party "because such request exceeded [its] lending limit." Borrowers in the market for loans in excess of the Girard's lending limit are generally aware of that limit and do not make requests which cannot be granted.

The one exception was as follows: (a) request on March 27, 1958 by the Pennsylvania State University State College, Pa. for a \$7,000,000 line of credit to match a \$7,000,000 line extended by Mellon National Bank and Trust Company of Pittsburgh. (b) Unknown. (c) Deposit balances were not reduced. (d) Letter 3/3/58, J. F. Feeney, Jr. of Girard to McKay Donkin, PSU; B.D. 8, 3/27/58, by Feeney; Letter 5/12/58, Feeney to Donkin.

(Excerpt from letter dated May 24, 1961, addressed to George D. Reyecraft, Esquire, by Barnes, Dechert, Price, Myers & Rhoads.)

[fol. 6240] GOVERNMENT'S EXHIBIT 200

## Question 6

There follows a list of borrowers from Girard Trust Corn Exchange Bank who have borrowed from banks in cities other than Philadelphia during the last five years, and the names of such other banks. This list does not purport to be complete. It has proved impossible to list the amount of line or loan with the Girard held by each such borrower at the time of every borrowing it made from another bank. Consequently, the amount of line or loan in effect on a given date is stated as representative of the borrower's business with the Girard.

## Borrower

S. A. Monclova, Mexico

S.A., Monterrey, Mexico

Commercio, S.A.;  
Monterrey, Mexico

## Girard Lines and Loans

\$800,000 Line;  
1,714,285 outstanding;  
current\$1,750,000 Line;  
1,347,000 outstanding;  
current\$500,000 Line;  
300,000 outstanding;  
current

## Banks Used In other Cities

Chemical Bank N.Y.  
Trust Co.; N.Y.Bank of America,  
San Francisco, Cal.  
First City Nat'l Bk.,  
Houston, Texas  
Valley Nat'l Bk.,  
Phoenix, Ariz.  
American Trust Co.,  
New YorkFrost Nat'l Bk.,  
San Antonio, Texas  
Laredo Nat'l Bk.,  
Laredo, Texas  
American Trust Co.,  
New York, N.Y.Bank of America,  
San Francisco, Cal.  
Citizens' Nat'l Bk.,  
Los Angeles, Cal.  
First City Nat'l Bk.,  
Houston, Texas  
Mercantile Trust Co.,  
St. Louis, Mo.National Bank of Commerce,  
San Antonio, Texas  
First National City Bk.,  
New York, N.Y.  
Valley Nat'l Bk.,  
Phoenix, Ariz.

[fol. 6241]

## Borrower

Philadelphia 2, Pa.

Philadelphia, Pa.

Philadelphia, Pa.

Fitchburg, Mass., and  
Philadelphia, Pa.

Philadelphia 3, Pa.

Philadelphia, Pa.

Philadelphia, Pa.

## Girard Lines and Loans

\$5,000,000 Line; current

\$2,710,883,  
12/31/60

\$500,000 Line; current

\$1,000,000 Line; current

\$2,500,000 Line; current

\$6,000,000 Line;  
6,060,000 Outstanding  
April 1961\$3,000,000 Line;  
2,637,000 outstanding  
in 1960

## Banks Used In other Cities

Morgan Guaranty Trust Co.,  
New York, N.Y.  
First Nat'l City Bk.,  
New York, N.Y.  
Irving Trust Co.,  
New York, N.Y.First Nat'l City Bk.,  
New York, N.Y.  
Chase Manhattan Bk.,  
New York, N.Y.  
First Nat'l Bank of  
BostonChase Manhattan Bk.,  
New York, N.Y.  
J. P. Morgan & Co.,  
New York, N.Y.  
Guaranty Trust Co.,  
New York, N.Y.  
Wachovia Bank & Trust Co.  
Two New York Banks

First Nat'l Bank of Boston

Borrower	Girard Lines and Loans	Banks Used In Other Cities
Philadelphia, Pa.	\$2,300,000 Line; 2,300,000 outstanding in 1960	Manufacturer's Trust Co., New York, N.Y.
Philadelphia, Pa.	\$259,000 outstanding 12/31/60	Mellon National Bank, Pittsburgh, Pa. J. P. Morgan & Co., New York, N.Y.
Philadelphia, Pa.	\$5,100,000 Line; as of April, 1961	Bankers Trust Co., New York, N.Y. Chase Manhattan Bk., New York, N.Y. First Nat'l Bank of Chicago
[fol. 6242]		First Nat'l Bank of Boston Continental-Illinois Bank, Chicago
Philadelphia, Pa.		Second Nat'l Bank of Boston Harris Trust Co., Chicago
		First Nat'l Bank of St. Louis Marine Trust Co. of Western New York Lincoln Rochester Trust Co. Whitney National Bk., New Orleans
	\$200,000 Line; current	First Nat'l City Bank of New York
New York 4, N.Y.	\$100,000 Line; current	Atco Nat'l Bank, Atco, N.J.
Philadelphia 2, Pa.	\$4,500,000 Line; current	First Nat'l Bank of Boston
Philadelphia 29, Pa.	\$650,000 Line; current	Credit Suisse Zurich, Switzerland
Philadelphia, Pa.	\$2,500,000 Line; current.	Empire Trust Co., New York, N.Y. Bank of America, San Francisco, Cal.
Philadelphia 2, Pa.		J. Henry Schroder Banking Corp., New York, N.Y.
	\$5,500,000 Line; current	Morgan Guaranty Trust Co., New York, N.Y.
Philadelphia, Pa.	\$2,000,000 Line; 981,000 outstanding, current	First Nat'l Bank of Boston Harris Trust & Savgs. Bank, Chicago
Evanston, Illinois		First Nat'l City Bank of New York
[fol. 6243]	\$1,500,000 Line; 1957-59	Morgan Guaranty Trust Co., N.Y.
Bridgeport, Pa.		Montgomery-Norristown Bank, Norristown, Pa.



Borrower	Girard Lines and Loans	Banks Used In Other Cities
Philadelphia 34, Pa.	\$4,000,000 Line; 2,000,000 commitment	Chase Manhattan Bk., New York Morgan Guaranty Tr., New York First Nat'l City Bk., New York Chemical Bank N.Y. Trust Co., New York, N.Y. Hanover Bank, New York First Nat'l of Chicago Continental-Illinois Bank, Chicago First Nat'l of Boston National Shawmut, Boston Mellon Nat'l Bank, Pittsburgh Bank of America, San Francisco Wells-Fargo Bank, San Francisco First Nat'l Bank, St. Louis Republic National Bank, Dallas
	\$1,820,000 outstanding; current	First National Bank of Atlanta Wilmington Trust Co. Manufacturer's & Traders Trust Co., Buffalo, N.Y.
Allentown, Pa.	\$2,500,000 Line; current	Mellon National Bank & Trust Co. Irving Trust Co., New York, N.Y.
Reading, Pa.	\$6,000,000 Line; current	Morgan Guaranty Trust Co., New York, N.Y.
[fol. 6244]		
Burbank, Calif.	\$1,875,000 Line; current	6 New York Banks 3 California Banks 4 Atlanta Banks First Nat'l Bank of Boston Continental-Illinois Bank & Trust Co., Chicago Mellon Nat'l Bank & Trust Co., Pittsburgh 7 Banks in other cities
Baltimore, Md.	\$1,250,000 Line; current	

Borrower	Girard Lines and Loans	Banks Used In Other Cities
Chicago, Ill.	\$3,000,000 Line; current	Harris Trust Co., Chicago Marine-Midland, New York Bank of California, San Francisco Wells-Fargo Bank, San Francisco
Winchester, Va.	\$1,000,000 Line; current	Security Trust Co., Los Angeles First Nat'l Bank of Chicago Mercantile Bank, St. Louis Baltimore Nat'l Bank Riggs Nat'l Bank, Washington, D.C. State Planters, Richmond First & Merchants, Richmond Chase Manhattan, N.Y. First Nat'l Bank of Boston Union & New Haven Trust Co., New Haven, Conn. 88 Banks in U.S.
Lancaster, Pa.	\$550,000 Line 225,000 Loan; current	Major Banks throughout U.S. • 130 Banks in U.S.
Racine, Wisconsin Co., Chicago, Ill. Chicago, Illinois	\$2,000,000 Line; current \$750,000 Line; current \$1,250,000 Line; current	First Nat'l City Bank of New York Manufacturer's Trust Co., New York First National Bank of Akron, Ohio The Firestone Bank, Akron, Ohio Continental-Illinois Nat'l Bank & Trust Co., Chicago, Ill. First Nat'l Bank in Dallas The Akron Dime Bank Indiana Nat'l Bank, Indianapolis, Ind. The Cleveland Trust Co., Cleveland Wachovia Bank & Trust Co., Winston-Salem, N.C. Third National Bank & Trust Co. Central Nat'l Bank of Cleveland 600 Banks in U.S.
[fol. 6245]	\$2,500,000 Line; current	
Akron, Ohio		
Chicago, Ill., and Wilmington, Delaware	\$5,500,000 Line; current	
Chicago, Ill.	\$5,000,000 Line; current	Major Banks throughout U.S.
San Francisco, Cal.	\$1,200,000 Line; current	Other Banks throughout U.S.

Borrower	Girard Lines and Loans	Banks Used In Other Cities
Camden, N.J.	\$2,000,000 Line; current	Camden Trust Co. First Camden Nat'l Bank & Trust Co. Morgan Guaranty Trust Co., New York Wells-Fargo Bank, San Francisco First National Bank of Chicago Major Banks throughout U.S.
New York, N.Y.	\$1,500,000 Line; current	
[fol. 6246]		
New York City, N.Y.	\$2,163,000 outstanding, current	Bankers Trust Co. of New York First Nat'l Bank of Boston National Bank of Commerce, Houston - First City Nat'l Bank of Houston
Houston, Texas	\$2,000,000 credit; current	Manufacturer's Trust Co., New York Chase Manhattan Bank, New York Hanover Bank, New York Bankers Trust Co., New York Chemical Corn Exchange Bank, New York City National of Houston. First National of Shreveport at least 122 banks throughout U.S.
Detroit, Michigan	\$1,050,000 credit; current	Old Forge Discount & Deposit Bank, Old Forge, Pa.
West Pittston, Pa.	\$400,000 outstanding; 11/27/59	Montgomery County Bank & Trust Co., 1st Nat'l Bank of Allentown
Pennsburg, Pa.	\$3,305,000 outstanding; 5/29/59	Berks County Trust Co. Equitable Trust Co.
Co., Baltimore, Md.	\$2,000,000 Line; 1,360,000 outstanding; 4/10/59	Mfg. Trust Co. Irving Trust Co. 1st Nat'l Bank, Baltimore, Md.
Sunbury, Pa.	\$217,000	Capital Bank & Trust Co., Harrisburg, Pa.
Inc., Toms River, N.J.	\$54,000 outstanding; 5/5/60	First Nat'l Bank, Toms River, N.J.
Skippack, Pa.	\$19,880 outstanding; 5/1/59	Harleysville Nat'l Bank, Harleysville, Pa.
Spring City, Pa.	\$468,500 outstanding; 12/31/60	Nat'l Bank & Trust Co. of Spring City, Pa.
[fol. 6247]		
New York City	\$2,500,000 Line; current	Numerous other banks principally in N.Y.C.
Trust, Bristol, Tennessee	\$5,000,000 Line; current	Hamilton Nat'l Bank, Knoxville, Tenn. First Nat'l Bank of Sullivan County, Bristol, Tenn.

Borrower	Girard Lines and Loans	Banks Used In Other Cities
Bristol, Tennessee	\$1,000,000 Line; current	Central Bank of Richmond, Virginia;
Johnson City, Tennessee	\$150,000 Line; current	Dominion Nat'l Bank, Bristol, Tenn.
Bristol, Tennessee	\$250,000 Line; current	Grace Nat'l Bank, New York City
Wilkes-Barre, Pa. and Suffolk, Va.	\$1,000,000 Line; current	Hamilton Nat'l Bank, Johnson City, Tenn.
		Grace Nat'l Bank, New York City,
		Dominion Nat'l Bank, Bristol, Tenn.
		First Nat'l Bank of Sullivan County, Bristol, Tenn.
		Chemical Corn Bank & Trust Co., N.Y.C.
		Nat'l Shawmut Bank, Boston, Mass.
		Union Trust Co. of Maryland, Baltimore, Maryland
		Chase Nat'l Bank of New York City
		Wachovia Bank & Trust Co., Winston-Salem, N.C.
		Security Nat'l Bank, Tarboro, N.C.
		Third Nat'l Bank, Scranton, Pa.
		Irving Trust Co., New York City
		First Nat'l Bank, Wilkes-Barre, Pa.
		Miners Nat'l Bank, Wilkes-Barre, Pa.
		Manufacturer's Trust Co., New York City
		National Bank of Commerce, Norfolk, Va.
		Seaboard Citizens Nat'l Bank, Norfolk, Va.
		State Planters Bank, Richmond, Va.
[fol. 6248]	\$125,000 outstanding; 9/27/59	Bryn Mawr Trust Co., Bryn Mawr, Pa.
Philadelphia, Pa.	\$85,000 outstanding; 6/20/60	Cheltenham Nat'l Bank
Phoenixville, Pa.	\$34,000 outstanding; 5/9/60	Phoenixville Trust Co., Phoenixville, Pa.
Atlantic City, N.J.	\$57,500 outstanding; 9/9/60	Boardwalk Nat'l Bank, Atlantic City, N.J.
Atlantic City, N.J.	\$17,800 outstanding; 4/1/59	Boardwalk Nat'l Bank, Atlantic City, N.J.
Whippany, N.J.	\$3,250,000 Line; 2,746,000 outstanding; 3/28/60	Fidelity Union Trust Co., Newark, N.J.
Baltimore, Md.	\$900,000 Line; 41,000 outstanding; 8/10/60	Union Trust Company, Baltimore, Md.

**Borrower**

Jessup, Maryland

Camden 6, New Jersey

Elkton, Md.

Philadelphia, Pa.

Philadelphia, Pa.

Philadelphia, Pa.

Co., New York City

Corp., Baltimore, Md.

N.Y.C.

[vol. 6249]

Elmira, N.Y.

Phila., 17, Pa.

Fostoria, Ohio &  
Huntingdon Valley, Pa.

Barre, Vermont

[vol. 6250]

Philadelphia, Pa.

**Girard Lines and Loans**

\$50,000 Line;

\$40,000 Line;  
6,811 outstanding;  
12/31/60\$25,000  
23,962.95 Line;  
outstanding as of 7/1/58\$5,000,000 Line;  
outstanding has varied  
from 0 to \$4,000,000  
\$2,500,000 Line;\$1,689,000 outstanding;  
current  
\$5,000,000 Line; current

\$1,000,000 Line; current

\$1,000,000 Line; current  
current\$1,425,000 outstanding;  
current

\$200,000 Line; current

\$500,000 maximum  
outstanding as of 1958\$1,500,000 maximum  
outstanding as of 1956  
\$4,500,000 current  
outstanding\$500,000 maximum  
outstanding as of 1956  
\$75,000 maximum  
outstanding of 1959  
\$150,000 Line; current  
75,000 outstanding\$50,000 maximum  
outstanding as of 1957\$350,000 Line;  
200,000 maximum  
outstanding as of 1960**Banks Used In Other Cities**Michigan Nat'l Bank,  
Lansing, Michigan  
American Security & Trust Co.,  
Washington, D.C.  
The First Nat'l Bank  
of Jersey City,  
Jersey City, N.J.  
New Jersey Bank & Trust Co.,  
Passaic, N.J.  
Wilmington Trust Co.,  
Wilmington, Del.8 Banks located in  
New York, Detroit,  
and Chicago  
Morgan Guaranty Trust Co.,  
New York, N.Y.  
Other banks in N.Y.C.First Nat'l City Bank,  
New York, N.Y.  
Numerous banks, principally in  
New York City  
Manufacturer's Trust Co.,  
New York, N.Y.  
Union Trust Co.  
Chemical Bank—New  
York Trust Co., N.Y.C.,  
and numerous other bankChemung Canal Trust Co.,  
Elmira, N.Y.  
Marine Midland Trust Co.,  
Elmira, N.Y.Irving Trust Company,  
New York City, and  
other banks throughout  
the U.S.Numerous banks throughout  
the U.S.  
Other banks in Cleveland,  
San Francisco, and Detroit  
Major banks in other citiesChase Manhattan Bank,  
New York  
National City Bank of  
Cleveland, OhioChase Manhattan Bank,  
New YorkFirst Nat'l City Bank,  
New York City



**Borrower****Girard Lines and Loans**

Philadelphia, Pa.

500,000 Line;  
500,000 maximum  
outstanding as of 1960

Philadelphia, Pa.

\$1,000,000 Line;  
2,047,000 outstanding  
as of 1960

Philadelphia, Pa.

\$250,000 Line;  
402,000 maximum  
outstanding as of 1960

Philadelphia, Pa.

\$375,000 Line;  
261,000 maximum  
outstanding as of 1960  
\$250,000 Line; current

Everett, Mass.

Kutstown, Pa.

\$200,000 Line; current  
61,000 outstanding

Bridgeton, N.J.

\$102,500 maximum  
outstanding as of 1956

Gloversville, N.Y.

\$600,000 Line; current  
maximum outstanding  
500,000

Binghamton, N.Y.

\$195,000 maximum  
outstanding

[Co. 6251]

Bethlehem, Pa.

\$500,000 Line; current

Hamburg, Pa.

\$250,000 Line; current

Honesdale, Pa.

\$1,000,000 Line; current

Allentown, Pa.

\$100,000 Line; current

**Banks Used In Other Cities**First Camden Nat'l Bank,  
Camden, N.J.Boardwalk Nat'l Bank,  
Atlantic City, N.J.Bryn Mawr Trust Co.,  
Union Trust Co.,  
Wildwood, N.J.Doylestown Trust Co.,  
Schuylkill Trust Co.,  
Pottsville, Pa.Berks Co. Trust Co.,  
Reading, Pa.Hanover Bank,  
New York CityFirst Nat'l Bank,  
St. LouisFranklin Nat'l Bank,  
Franklin Square, New YorkMiddlesex County Nat'l Bank,  
Everett, Mass.Rockland Atlas Nat'l Bank,  
Boston, Mass.Merchants' Nat'l Bank,  
Allentown, Pa.First Nat'l Bank,  
Allentown, Pa.Cumberland Nat'l Bank,  
Bridgeton, N.J.Farmers & Merchants  
Nat'l Bank,  
Bridgeton, N.J.Millville Nat'l Bank,  
Millville, N.J.Woodstown Nat'l Bank,  
Woodstown, N.J.Chase Manhattan Bank,  
of New YorkState Bank of Albany,  
Albany, N.Y.Trust Company of  
Fulton County,  
Gloversville, N.Y.First City Bank &  
Trust Company,  
Binghamton, N.Y.Chase Manhattan Bank,  
New York City

Hamburg Savings &amp; Trust

Bankers Trust Co.,  
New York CityChase Manhattan Bank,  
New York CityChemical Bank New York  
Trust Co., New YorkFirst Nat'l Bank,  
Allentown, Pa.

National City Bank of Cleveland

**Borrower****Girard Lines and Loans****Banks Used In Other Cities**

Allentown, Pa.  
 Wilkes-Barre, Pa.  
 Bethlehem, Pa.  
 Woolrich, Pa.

\$1,600,000 Line; current  
 \$1,000,000 outstanding  
 \$250,000 Line; current  
 30,000 outstanding  
 \$1,000,000 Line; current

Hanover Bank,  
 New York City  
 First Nat'l Bank,  
 Wilkes-Barre, Pa.  
 Hanover Bank,  
 New York City  
 Mellon Nat'l Bank & Trust Co.,  
 Pittsburgh, Pa.  
 Lock Haven Trust Co.,  
 Lock Haven, Pa.  
 West Branch Bank & Trust Co.,  
 Williamsport, Pa.  
 First Nat'l Bank of  
 Colorado Springs  
 Exchange Nat'l Bank,  
 Colorado Springs  
 Pittsburgh Nat'l Bank,  
 Pittsburgh, Pa.  
 First Nat'l Bank of  
 Miami, Miami, Fla.  
 American Security & Trust Co.,  
 Washington, D.C.  
 Irving Trust Co.,  
 New York City

Clifton Heights, Pa.

\$250,000 Line; current  
 332,000 outstanding

Philadelphia, Pa.

\$250,000 Line; current  
 161,100 outstanding as  
 of 12/31/60

Philadelphia, Pa.

\$120,000 Line; current  
 60,000 outstanding as  
 of 12/30/60  
 \$1,141,900 outstanding as  
 of 12/31/60

Philadelphia, Pa.

\$125,000 Line;  
 115,000 outstanding  
 both as of 1956; non-current  
 \$2,000,000 Line as of  
 1958

Philadelphia, Pa.

Philadelphia, Pa.

Major banks throughout  
 the U.S.  
 Public Nat'l Bank,  
 New York City

Chase Manhattan Bank,  
 New York City  
 Guaranty Trust Co.,  
 New York City  
 First Nat'l Bank of Boston,  
 Boston, Mass.

[fol. 6252]

United California Bank,  
 Los Angeles, Cal.  
 First Nat'l Bank,  
 Madison, Wisconsin  
 First Wisconsin Nat'l Bank,  
 Milwaukee, Wisconsin  
 Farmers Bank of the  
 State of Delaware,  
 Dover, Del.  
 Peoples Bank & Trust Co.,  
 Wilmington, Del.  
 Peoples Bank & Trust Co.,  
 Wilmington, Del.  
 Farmers Bank of the  
 State of Delaware,  
 Dover, Del.  
 Bank of Delaware,  
 Wilmington, Del.  
 Wilmington Trust Co.,  
 Wilmington, Del.  
 County Trust Co.,  
 Salisbury, Md.

Laurel, Delaware

\$50,000 Line; current

Seaford, Delaware

\$60,000 Line; current

Salisbury, Maryland

\$250,000 Line; current

## Borrower

Kansas City, Missouri

West Grove, Pa.

New York City

New York City

Pennsburg, Pa.

[fol. 6253]

Hagerstown, Md.

York, Pa.

Carlisle, Pa.

Carlisle, Pa.

York, Pa.

Hagerstown, Md.

Berlin, Md.

Salisbury, Md.

Baltimore, Md.

Philadelphia, Pa.

## Girard Lines and Loans

\$1,000,000 Line; current

\$150,000 Line; current  
175,000 outstanding  
\$375,000 Line; current  
500,000 outstanding  
\$125,000 Line; current  
500,000 outstanding  
\$23,000,000 revolving  
credit

\$100,000 Line; current

\$2,000,000 Line; current

\$150,000 Line; current

\$2,250,000 Line; current

\$300,000 Line; current

\$100,000 Line; current

\$100,000 Line; current

\$400,000 Line; current

\$800,000 Line; current

\$3,500,000 Line; current

## Banks Used In Other Cities

First Nat'l Bank of  
Baltimore, Md.  
Bradford Nat'l Bank,  
Bradford, Pa.  
Commerce Trust Co.,  
Kansas City, Mo.  
Union Nat'l Bank,  
Kansas City, Mo.  
First Nat'l Bank,  
St. Paul, Minn.  
Bank of the Southwest, Houston,  
Texas  
Nat'l Bank and Trust Co. of  
West Grove  
Bank of New York

Bank of New York

Various banks, some  
of which are Chase  
Manhattan Bank,  
New York City  
Manufacturer's Trust,  
New York City  
First Nat'l City Bank  
New York City  
Detroit Bank & Trust Co.  
Indiana Nat'l Bank,  
Indianapolis  
Harris Trust & Savings Bank,  
Chicago, Ill.

Farmers & Merchants,  
Hagerstown, Md.  
Wells Fargo Bank,  
San Francisco, Cal.  
Farmers Trust Co.,  
Carlisle, Pa.  
Harrisburg Nat'l Bank,  
Harrisburg, Pa.  
Dauphin Deposit & Trust Co.,  
Harrisburg, Pa.  
York Bank & Trust Co.  
York County Nat'l Bank  
Baltimore Nat'l Bank  
Nicodemus Nat'l Bank,  
Hagerstown  
Hagerstown Trust Co.  
Second Nat'l Bank,  
all of Hagerstown, Md.  
Calvin B. Taylor Banking Co.,  
Berlin, Md.  
Baltimore Nat'l Bank,  
Baltimore, Md.  
Salisbury Nat'l Bank,  
Salisbury, Md.  
Union Trust Co.,  
Baltimore, Md.  
Baltimore Nat'l Bank,  
Baltimore, Md.  
Chase Manhattan Bank,  
New York City

Borrower

Girard Lines and Loans

\$750,000 Line; current

Madison, Wisconsin

Banks Used In Other Cities

American Nat'l Bank  
& Trust Co.,

Chicago, Ill.

City Nat'l Bank & Trust Co.,  
Chicago, Ill.

Continental Illinois

Nat'l Bank & Trust Co.,  
Chicago, Ill.

First Nat'l Bank,

Chicago, Ill.

Harris Trust & Savings Bank,  
Chicago, Ill.

Northern Trust Co.,  
Chicago, Ill.

Chase Manhattan Bank,  
New York City

National Shawmut Bank,  
Boston, Mass.

Davenport Bank & Trust Co.,  
Davenport, Iowa

Hartford Nat'l Bank  
& Trust Co., Hartford, Conn.

2918

[fol. 6254]

GOVERNMENT'S EXHIBIT 201

Deposit Balances with Girard of 26 Corporations  
(All Demand Deposits, and Listed to the Nearest \$1,000)

	12/31/1959	12/31/61D
26 Names Deleted.	\$ 480,000	\$ 456,000
[9 Show No Balances]	3,381,000	3,190,000
	1,978,000	1,766,000
	7,815,515	7,649,000
	230,000	225,000
	30,000	733,000
	50,000	50,000
	15,000	16,000
	89,000	73,000
	918,000	119,000
	138,000	104,000
	508,000	662,000
	2,707,000	430,000
	516,000	456,000
	1,399,000	1,174,000
	37,000	46,000
	1,500	2,000

[fol. 6255] Answer of Girard Trust Corn Exchange Bank  
To Question 10 Submitted by Plaintiff

*Question 10:* I am requested to inform you that Girard does not know the amount of the deposits as of 12/31/59 or 12/31/60, if any, maintained with any other commercial bank by any of the enterprises listed in response to question 9 above.

Excerpt from letter dated May 22, 1961 addressed to George D. Reycraft, Esquire by Barnes, Doehert, Price, Myers and Rhoads.

[fol. 6256]

GOVERNMENT'S EXHIBIT 206

Memorandum

July 7, 1960.

To: Mr. G. H. Brown, Jr., President

From: S. S. Gardner

Re: Broad Street Trust Application—Drexel Line Shopping Center

No lease.

The attached report on the potential of the proposed Drexel Line Shopping Center branch bank indicates, I believe, that it is definitely a "second class" site. As you will



see, we are firmly entrenched in the area near the site and have been for some time.

If the Drexel Line center itself were an outstanding shopping location, as is the Springfield Shopping Center where First Pennsylvania located last year, I could see much more reason for the Broad Street application, but neither the road network around the proposed location nor the quality of stores in the shopping center is in any way unique.

I am sorry that the report took longer to prepare than originally expected, but we have tried to be as objective as possible while using estimates and sampling procedures.

As you know, we have informed both the State and Federal Reserve that we will not protest the Broad Street location.

S. S. Gardner.

SSG:emc

attachment

cc: Mr. O. H. Beadle, Senior Vice President, Mr. R. C. Allen, Asst. Vice-President.

7/8/60—Talked to H. Horan, Jr. This is Al Mueller's suggestion. Will talk to me next week. S. S.

7/20/60—Hubert Horan, Jr., J. Henderson, H. Jones, Al Mueller, Ray (Illegible) John Mamourian. Luncheon with the gentlemen. S. S.

7/26/60. Just as I had about convinced Mr. Horan not to go ahead he called to say the Secty. of Banking had refused his application. That of course ends this problem. He is toying around with a site at Lansdowne Ave. & State Rd.  
S. S.

[fol. 6257]

Memorandum

July 7, 1960.

Re: Broad Street Trust Application—Drexel Line Shopping Center,

Banking facilities surrounding the proposed site have more than kept pace with the growth in population. In 1950, there was one bank within a mile-radius of the site and two banks within a two-mile radius. By 1960, this had increased to two banks in one mile and nine banks within

two miles. Looking at banking coverage in a different way, the population per commercial banking office within a two-mile radius (not including the proposed Broad Street office or mutual savings funds) is 9,000 persons, whereas in Delaware County as a whole it is 12,000 persons. This would certainly suggest that the population within the area in question is sufficiently well-banked.

Our Pilgrim Gardens Office was opened in June of 1954 and by 1960, it had total deposits of \$3,050,000, consisting of \$1,400,000 in retail checking accounts, \$1,100,000 in savings and \$550,000 in commercial deposits. While this represents fair growth, it certainly is not spectacular and compares unfavorably with new city offices opened only two and a half years.

Deposits within one-half mile of the Broad Street site.

A recent area analysis of the deposits originating at the Pilgrim Gardens Office indicates that we have accounts from 56% of the families\* living within a half-mile radius of the proposed Broad Street site with average deposits as follows:

Personal Regular Checking.....	\$217,000
Commercial Regular Checking.....	72,000
Special Checking.....	34,000
Savings Fund.....	250,000
	<u>\$573,000</u>

In making our area analysis, we set-up five geographic breakdowns surrounding the office and everything outside these five areas was placed in an "others" category. (See map attached.)

Deposits close to the Pilgrim Gardens office.

In the area immediately surrounding our office, excluding the figures for the one-half mile radius of the Broad Street site shown above, we have the following "close in" business.

Personal Regular Checking.....	\$ 354,000
Commercial Regular Checking.....	213,000
Special Checking.....	54,000
Savings Fund.....	460,000
	<u>\$1,081,000</u>

\*The Delaware County Planning Commission supplied us with a population estimate of 5,000 persons, or 1,430 families within a half-mile radius.

[fol. 6258] Deposits east of Pilgrim Gardens on Township Line Road.

In addition, a significant portion of our business at the Pilgrim Gardens Office comes from areas north of the office and further east along Township Line Road. It is unlikely that Broad Street would attract very much of this business since our office is situated between these areas and their proposed office. This business amounts to the following:

Personal Regular Checking .....	\$375,000
Commercial Regular Checking .....	41,000
Special Checking .....	61,000
Savings Fund .....	256,000
	<u>\$733,000</u>

#### Deposits outside the survey area.

The remainder of our deposits at Pilgrim Gardens are in the "other" geographic category. This represents business drawn from areas some distance from the office. We were open at this location in 1954 and since that time many other branches have located in this area. A new branch today will not have a similar opportunity to attract business from such a wide area. As shown below, the deposit totals in the "other" category amount to \$613,000, or 20% of the office's total liability.

Personal Regular Checking .....	\$212,000
Commercial Regular Checking .....	210,000
Special Checking .....	55,000
Savings Fund .....	136,000
	<u>\$613,000</u>

#### Summary.

A recapitulation of the deposits of the office gives the following picture:

	Total Deposits
One-half mile radius Broad Street site .....	\$ 573,000
Close in Pilgrim Gardens area .....	1,081,000
East on Township Line .....	733,000
Outside the survey area .....	613,000
	<u>\$3,000,000</u>

We have a good percentage (56%) of the families within a one-half mile radius of the Broad Street site banking with us, and a significant portion of this business is savings fund

deposits on which we pay 3%. Although we do not have the population figures for the balance of the area close to our office, we probably have an equally good percentage of the families there banking with us with \$1,081,000 total deposits of which nearly one-half are personal savings accounts. The next largest group of deposits comes from the "non-banked" areas east on Township Line Road which are closer to Pilgrim Gardens than the new Broad Street location. Finally, 20% of our business comes from outside all of the areas discussed and is drawn to our office by long-standing relationships and, in fact, is probably located closer to other offices of the Girard or other banks than either Pilgrim Gardens or the Broad Street site.

[fol. 6259] While this survey covers all of Pilgrim Garden's deposits, it does not include any figures for our larger Drexel Hill Office. This office is almost as close to the proposed site as Pilgrim Gardens and services a great deal of business in the Drexel Brook area which is close to the Drexel Line shopping center.

The immediate area surrounding the Drexel Line shopping center has many barriers which limit future growth. Very little available land is left for building and the nature of the hilly ground along State Road precludes intensive development unless apartment houses should be constructed. Rolling Green Country Club and Sts. Peter and Paul Cemetery eliminate growth prospects to the northwest. The shopping center is poorly laid out for ingress and egress, and State Road is only a two-lane highway. The center has had continual tenant turnover since its inception, and it suffers from peripheral competing shopping centers which have more of a regional nature, such as, Springfield, Lawrence Park, Manoa, and Pilgrim Gardens, and the commercial shopping area at Drexel Hill.

In summary, this is an area with limited close in population, more than adequate banking facilities, and with limited growth potential for Broad Street, particularly with its one per cent savings rate. The shopping center where the branch is to be located has never done too well, and we have turned down the opportunity to locate there several times. Broad Street probably has very little business in this area now which could be transferred to a new office.

S. S. Gardner, R. C. Allen.

/emc  
attachment

[fol. 6260] 6/7/60 Advised policy committee.

Memorandum

June 2, 1960.

To: Mr. G. H. Brown, Jr., President  
Mr. O. H. Beadle, Senior Vice President

From: S. S. Gardner

Re: Broad Street Trust Application Drexline Shopping Center

Yesterday, Mr. Zell G. Fenner, Assistant Vice President of Federal Reserve, called to ask what position we would take in the application of Broad Street Trust for an office in this center. I told him that I did not expect that we would protest and, other than explaining that we had looked at the site ourselves and rejected it, did not elaborate on our reason for not protesting. I gave Fenner nothing that might jeopardize our position with Broad Street Trust if it were disclosed to them.

We will have statistics available early next week on the potential banking business in the area which I think will be helpful for use in a possible discussion with Broad Street.

I will use the same approach in answering the state examiners when they get in touch with us during their investigation of the application.

I will be glad to do this.

S. S. Gardner.

SSG :emc

cc: Messrs. L. W. Elwell and J. F. Feeney, Jr., Mr. W. H. Smock, Mr. R. C. Allen.



2924

[fol. 6261]

GOVERNMENT'S EXHIBIT 207

S. S. Gardner

BROAD STREET TRUST COMPANY  
Philadelphia

July 26, 1960 A.

Hubert J. Horan, Jr.  
Chairman of the Board  
and Chief Executive Officer

G. H. Brown, Jr., President.  
Rec'd Jul 27 1960.  
Ans'd  
Account

Mr. George H. Brown, Jr., President,  
Girard Trust Corn Exchange Bank,  
Broad and Chestnut Streets,  
Philadelphia, Pennsylvania.

DEAR GEORGE:

I am enclosing memorandum that you so kindly loaned  
me in connection with the Drexel Line Shopping Center.

Sincerely yours, Hubert, Chairman of the Board and  
Chief Executive Officer.

The map was not returned!

[fol. 6262

GOVERNMENT'S EXHIBIT 208

## Inter-Office Memorandum

July 28, 1960.

To: Branch Administration Files

From: S. S. Gardner

Re: Competitive Banks' Locations—Not Protested

According to Mr. G. H. Brown, Jr., Hubert Horan told him that the Broad Street Trust application for a location in the Drexel Line Shopping Center was declined by the Secretary of Banking.

Mr. Brown also discovered that Broad Street is considering filing an application for an office at the intersection of State and Lansdowne Avenue. This location has been under observation for some time and as recently as June 8th, the Upper Darby officers and I agreed to again defer consideration because of the poor focal point characteristics and the lack of close-in population.

SSG :emc

S. S. Gardner.

cc: Mr. W. H. Smock, V.P., Mr. R. C. Allen, A.V.P.

Officers and employees are requested to transmit immediately to the central file any information coming to their attention that directly or indirectly affects any of our customers or that is of general interest. It is in this way that we are enabled to keep our files up to date. Take up one subject on this sheet—continue on back if necessary.

G. 5—Girard Trust Corn Exchange Bank.

## Memorandum

November 22, 1960.

To: Competitive Bank Sites

From: S. S. Gardner

Mr. Joseph M. Case, State Banking Examiner, and Mr. James Lomax, Chief Examining Officer of Federal Reserve, came in last week to discuss First Pennsylvania's application for a branch location at *401 West Chester Pike, Llanerch, Havertown Township, Delaware County.*

We talked for some time about the characteristics of the site, and I did my best to impress them with our ideas of its limitations. This included a discussion of the closeness of our existing offices at Havertown and Manoa, the lack of a large population close by not already in our branch area, the dead ground on the south side of West Chester Pike where a commercial quarry, golf courses and other restricted land use patterns prevent the possibility of home development. In addition, we thoroughly covered the quality of the shopping center concerned, characterizing it as a minor shopping center close by a larger regional center (Manoa). We also discussed traffic difficulties at the center itself and the fact that it was over a quarter of a mile from City Line Avenue, the main through traffic artery in the area.

I think Mr. Lomax was impressed with our arguments although Mr. Case seemed to adopt the position that the applicant bank was large enough to absorb any losses from such an unlikely site.

The meeting was held the day our merger was announced, and both men were interested in talking about that prospect. Our proposed expansion through merger has probably lowered the effectiveness of our objections in situations of this kind.

S. S. Gardner.

SSG:emc

cc: Mr. W. H. Smock, V.P.

[fol. 6264]

## GOVERNMENT'S EXHIBIT 215

## GIRARD TRUST CORN EXCHANGE

## Memorandum

December 19, 1960.

To: Mr. G. H. Brown, Jr., President, Mr. O. H. Beadle,  
Senior Vice President.

The state bank examiners finally got around to talking to us about The First Pennsylvania's application in the Northeast. I thought you would like to see the attached and have included a copy of the conversation I had in November with the examiners about the West Chester Pike and City Line site.

We have had no word of approval or disapproval about the latter application.

S. S. Gardner.

SSG:emc  
attachments

12/23/60 SSG I reported this to policy group. Thanks.  
File—No Protest etc.

[fol. 6265]

## GOVERNMENT'S EXHIBIT 215

## Memorandum

December 19, 1960.

To: Branch Administration Files

From: S. S. Gardner

Re: Competitive Bank Sites—Not Protested Tulip and  
Harbison Application—First Pennsylvania

Mr. James Lomax, Jr., state bank examiner, called on December 14th to ask what our reaction was to The First Pennsylvania application at Tulip and Harbison Avenues. Lomax had already measured the distance from the new site to three of our offices (Wissinoming, Bridesburg and Orthodox) and determined that all were no more than

7/10ths of a mile away. I reminded him that the Frankford office was just a little further and in the area. According to Lomax, First Pennsylvania would reduce their staff and services at their Torresdale Avenue office when the new facility is opened, but he knows of no plan to close the Torresdale office completely.

As previously agreed, I tried to impress Lomax with the many arguments against the idea of the Secretary approving such an application. I gave him population figures in the area of one-half mile around the new site and in a one-mile radius, and in both instances, the population declined from 1950 to 1960. In addition, I pointed out that there were three banks within one-half mile radius and eight banks within a one-mile radius and that four of these banks were our offices, all of which have been open since at least 1923. I also indicated to him that our deposits have not grown in the offices concerned.

When we talked about the site defects, i.e., lack of focal point, inability of pedestrians to cross the high-speed highway and the modest residential population, Lomax appeared to be sympathetic. It was also pointed out to Lomax that we had the intention of spending substantial sums on the rehabilitation of at least one office in this area. I tried to relate this to the unfairness of having another bank come into our territory where little growth was expected and where we had the responsibility for maintaining good banking service in the community. The only argument that Lomax seemed to have with our position is that the new site is a poor one and, therefore, probably would not hurt us too much. I did my best to convince him that this reasoning had little practical merit.

S. S. Gardner.

SSG:emc

cc: Mr. G. H. Brown, Jr., President, Mr. O. H. Beadle,  
Senior Vice President.



[fol. 6266]

## GOVERNMENT'S EXHIBIT 216

Our Office 7169 Stenton Ave.

## Inter-Office Memorandum

January 5, 1961.

To Mr. S. S. Gardner, Vice President

From G. H. Brown, Jr.

Re Stenton Avenue

Mr. Hubert Horan, Jr. called me this morning to say that he has been looking at a lot, size 237', on Stenton Avenue about  $3\frac{1}{2}$  to 4 blocks from our Stenton Avenue branch. This lot is restricted, and it is across from the Liberty Federal S. & L. Assoc. 7211-17

I tried to dissuade Mr. Horan from going ahead with this, telling him that we have not been too successful at our Stenton Avenue branch, but I think he still has in mind proceeding with the idea of establishing a branch there. Do you have any ideas on this?

G. H. Brown, Jr.

GHB:MJ

Officers and employees are requested to transmit immediately to the central file any information coming to their attention that directly or indirectly affects any of our customers or that is of general interest. It is in this way that we are enabled to keep our files up to date. Take up one subject on this sheet—continue on back if necessary.

G. 5—Girard Trust Corn Exchange Bank

## Memorandum

January 10, 1961.

To: Mr. George H. Brown, Jr., President

From: S. S. Gardner

Re: Proposed Broad Street Trust Branch Stenton Avenue near Washington Lane.

After reviewing Real Estate Division's records and talking with George C. Kilian, Manager of our Stenton Office, it appears that the lot that Broad Street is considering must be three or four blocks west of our office on Stenton Avenue. This is almost as far from the Liberty Savings & Loan office which, as you know, is across the intersection from our location.

If you think it would be helpful, we could review our figures with Mr. Horan and show that nearly \$800,000 of the \$2,800,000 of deposits acquired since 1957 are savings deposits which they would have difficulty attracting. Also, our nine-month profit and loss statement indicates modest earnings, as you know. I gather from your memorandum, however, that you suspect Horan has made up his mind on this location.

In view of the above and because Broad Street will probably have no difficulty in getting approval, I recommend that we do no more than you have already done in telling them that this is a poor site for a second bank and that we will have to admit this to the bank examiners when they question us.

Over the years, there has been a great deal of discussion of Chestnut Hill as a site for our bank, and should we obtain a desirable lead in that area, such as the redevelopment that once was proposed for the Randall Morgan tract, we would have a strong interest. If Broad Street establishes a branch at Stenton and Washington Lane, we should be able to talk them into not opposing anything we do at Chesnut Hill.

If you want me to talk to anyone at Broad Street, I will be prepared, and I will also express to the examiners when

they question us, our feeling that this is not a second-bank location.

S. S. Gardner.

SSG:emc

cc: Mr. O. H. Beadle, Senior Vice President.

[fol: 6268] GOVERNMENT'S EXHIBIT 218

Memorandum

January 12, 1961.

To: Competitive Bank Sites—Not Protested—File

From: S. S. Gardner

Re: Bank of Old York Road Application for a Branch at  
the Intersection of Routes 309 and 202—  
Montgomeryville, Montgomery County

Mr. Joseph M. Case, Chief Examining Officer of Federal Reserve, called on Friday to state that the Bank of Old York Road had applied for an office at this site which is over eight miles from our Ambler Office. I told Mr. Case that we would not file a formal protest because of the distance from our office and the area involved. I also told him that we had looked at the site ourselves over a year ago.

After this conversation, I checked with Philadelphia National whose Lansdale Office is closer than ours and found that they had been notified and do not think they will protest.

If the Bank of Old York Road gets this office, they will be spreading out away from the Warminster site which we have under surveillance, and it might give them less reason to protest any action we take in Warminster.

S. S. Gardner.

SSG:emc

cc: Mr. George H. Brown, Jr., President, Mr. O. H. Beadle, Senior Vice President, Mr. Walter Reller, Vice President

## Memorandum

December 15, 1959.

To: Mr. S. S. Gardner, Vice President

From: R. C. Allen

Re: Beneficial Savings at Lawrence Park

On December 10th I met with Mr. William J. McCarter, Jr., rental agent for Food Fair Properties, Inc., our landlord at the Lawrence Park Office, to discuss a possible modification of our lease to permit Beneficial Mutual Savings to locate in the center. I explained that we were happy to be in a position to accommodate Beneficial, \* \* \* but that in all fairness to our stockholders we would have to treat this as a business matter and gain something for the definite loss we would experience in slicing the relatively modest "deposit pie" into another piece.

## Prohibition of Federal Savings &amp; Loans, etc.

We discussed substituting a clause prohibiting a savings and loan or building and loan in exchange for permission for a mutual to lease in the shopping center. Mr. McCarter disclosed that a "federal" had been negotiating for a place in the center for over a year, which I was not aware of, however, he did not raise strong objections to our request.

## Enlargement of Roof Sign.

I explained our desire to substitute a larger sign on the breezeway roof—adjacent to the office which would give us greater visibility due to our corner location. He had no objection, of course, to our changing the wording of the sign from "The Bank" but wondered if the present sign frame could not be used for this purpose.

We agreed that this is a technical matter to be solved by a representative from a sign company, but in all fairness I pointed out that if we now had poor visibility with our present sign and wanted to add the full bank's name, the new sign would undoubtedly have to be considerably larger. He was apparently concerned with the effect a larger bank

sign would have on one or two other tenants' signs now on the breezeway.

### Sproul Road Sign.

From our conversation, it appears that we will have little success in our attempt to gain a road side sign. First of all, the township would probably not grant permission and secondly, Food Fair would not agree because of the pressure which would be generated from Woolworth's, Grant's and other chain stores. I explained that we would be pleased to submit a sketch of the proposed sign to the landlord and also agree to let the burden of securing township permission rest upon the bank. Mr. McCarter explained that the center is the largest tax payer in township and that they [fol. 6270] have been unable to get such permission and, therefore, in his opinion, we had little chance of receiving approval. I went into a long sales pitch on the different nature of the banking business as a service institution and the good possibility that if the bank could break the ice with such a sign, it might be the forerunner of general approval later for all of the stores in the center and thus benefit all of the tenants.

Mr. McCarter promised to get a letter off to Mr. Ralph Birenbaum, Vice-President of Food Fair Properties, Inc. in New York, setting forth our three requests. During our conversation, he placed a call to Mr. Birenbaum who apparently was in Florida but is returning to the office on December 14th. Mr. McCarter will try to do what he can for us and will contact me after he has received Food Fair's reaction to our requests. Mr. McCarter understands we will be pleased to make the necessary modification of the lease in writing by letter agreement after we see the results of his approach to the landlord.

R. C. Allen.

/emc



[fol. 6271]

## GOVERNMENT'S EXHIBIT 221

12/10/59 SSG. I called Frank Burns and told him of our decision. He was very pleased. I mentioned that we had some strings attached as far as the owners are concerned. Burns would be glad to see S & L' barred. I frankly said I was trying to make some capital out of this in our relations with his bank. They have no definite plans about 69th Street. I also called John Harrington and explained why I had first called Burns. He understood and said "You will do better."

(Burns said we would get a nice account at Lawrence Park—business referrals, etc.)

File competition sites not protested.

SSG

## Memorandum

December 9, 1959.

To: Mr. G. H. Brown, Jr., President

From: S. S. Gardner

Re: Beneficial Mutual Savings Bank Application at Lawrence Park

We have reviewed William McCarter's request that we consider waiving the provision in our lease which prohibits the Food Fair Properties Inc. from leasing space to a mutual savings bank. In view of the chance to improve our relationship with Beneficial, the likelihood that a protest would not be effective, and the possibility of strengthening our own position in the shopping center, I recommend that we agree and attempt to obtain all possible benefits from such an agreement.

We are prepared to suggest to McCarter that a provision be added to our present lease prohibiting the leasing space to a federal or state savings and loan association or a building and loan association. We would also like to obtain agreement from McCarter to expand the size of our present sign and perhaps obtain the right to construct an acceptable sign on Sproul Road at the entrance of the shopping center.

If this is agreeable with you, I will ask Bob Allen to contact McCarter as soon as possible, concurrent with an

approach to Beneficial through you and the contact officer to develop additional balances and good will.

This program has been reviewed with the senior officers of the Delaware County Division. In the long run it may be helpful in forestalling the application of a commercial bank should the shopping center, with the addition of the new Snellenburgs store, begin to realize its full potential.

It would be ideal to condition our agreement on a sizeable increase in balances from Beneficial if you think that is practical. In any event, you might want to mention to Beneficial that we understand that they are also planning to go into the new 69th Street Terminal and we do not intend to oppose this application.

SSG :emc

S. S. Gardner.

ccs: Mr. O. H. Beadle, Sr. V.P., Mr. L. G. Cordner, A.V.P.,  
Mr. W. H. Smock, V.P.

[fol. 6272]

#### Lawrence Park Lease

Executed 2/8/56

Basic term 2/1/57 to 9/30/71

Rent payable to: Food Fair Properties, Inc.

Rent graduated from \$5,940 now to \$6,930

If deposits go to \$15,000,000, rent goes immediately to \$7,920

Letter from Food Fair Properties, Inc. to Upper Darby National Bank on 11/2/56 enclosed Rider No. 6g2 which was executed by Smock and became "Schedule B" to the revised lease.

Rider 6g2

"... In consideration of the execution of this lease . . . Landlord agrees not to sell or lease any building, part thereof, space or area in the Lawrence Park Shopping Center to a state or national banking institution or *mutual savings bank* as such institutions are now constituted as long as the lease to which this rider is a part is in full force and effect. This paragraph shall *no* way limit or restrict Landlord from leasing or selling a portion of the Lawrence Park Shopping Center to a Federal or State Savings & Loan Society or Building & Loan Society."

Upper Darby managed to get this rider when the Landlord was unable to deliver possession under the basic lease.

2936

by September 30, 1956 and had to request an extension to June 1, 1957.

Beneficial Mutual Savings Fund, Assigned to L. G. Cordner,  
Average Balance 1959—\$900,000, Profit Year to date—6,831.

Robert C. Allen, November 18, 1959.

/emc

[fol. 6273] GOVERNMENT'S EXHIBIT 222

Inter-Office Memorandum

Reported to Policy 3/16.

March 2, 1960.

To: Mr. G. H. Brown, Jr., President  
Mr. O. H. Beadle, Senior Vice President

From: —

Re: Beneficial Mutual Savings Fund Branch in Lawrence Park

Mr. J. Paul Baker of the State Banking Department and Mr. William J. Magee of F.D.I.C. stopped in yesterday in their investigation of Beneficial's application for a branch in Lawrence Park. To follow through on our original plan, I told them that we would not protest and explained this attitude by saying that we felt the shopping center activity would grow with the addition of a new Snellenburg's store and because there is a large amount of ground left for additional home construction.

I also told them that our attitude would have been different if a commercial bank had applied. They are checking with P.S.F.S. because of their office in Manoa, and Western Savings and First Pennsylvania because of their Springfield shopping center offices, but do not expect that any one of the three will protest.

SSG:emc

S. S. Gardner.

Officers and employees are requested to transmit immediately to the central file any information coming to their attention that directly or indirectly affects any of our customers or that is of general interest. It is in this way that

we are enabled to keep our files up to date. Take up one subject on this sheet—continue on back if necessary.

cc: Mr. L. G. Cordner, A.V.P.

G. 5—Girard Trust Corn Exchange Bank.

[fol. 6274]

GOVERNMENT'S EXHIBIT 224

### Memorandum

4/7/59 SSG. The policy Committee concurs in your opinion. Thanks. SR.

April 7, 1959.

To: Mr. Geoffrey S. Smith, President

From: S. S. Gardner

Re: Saving Fund Society of Germantown Proposed Wynnewood Location

I recommend that we do not protest this application.

I think it would be difficult to sustain an objection. The Wynnewood Shopping Center is a good bank site with an existing population census close to the center that is fairly dense by suburban standards. Customers are also attracted to the shopping center from throughout the Main Line and adjacent areas because of the John Wanamaker Department Store. The growth of our Wynnewood Office has been more rapid than that of the other Narberth Division offices. We expect this increase to continue and are forecasting a growth of between \$600,000 and \$700,000 in deposits in 1959. In view of this, it would be difficult to argue that there is a lack of potential for future growth.

In protesting the saving fund society's application, we are limited to arguing the case in terms of savings deposits, mortgage investments and possibly safe deposit boxes. They will, I am sure, emphasize their higher interest rates and their mutual form of organization and attempt, as have other societies, to show that the competition between a commercial bank and a savings institution is limited. This is a difficult concept to dispel.

I think we can compete with the office of the saving fund society; certainly more effectively than with another commercial bank. The proposed office is to be within the shopping center area, and it will not\* have drive-in facilities. If the saving fund society's application is approved, it should prevent other commercial banks from coveting the location and would give us a strong position to protest such interest. The society is a customer and will probably use our office and in some ways furnish us with information on their progress.

We may soon require approval for expanded facilities or relocation of our office. As you know, this would be done to alleviate the growing congestion occurring in the parking and drive-in areas. To support such an application, we would have to present a case for a need for additional facilities. Protesting now and arguing the opposite course later would surely seem inconsistent to the Banking Board. [fol. 6275] The Saving Fund Society of Germantown, as you know, maintains accounts with current average balances totaling \$1,335,000. We may obtain more balances by servicing the new office. While I do not believe that a protest would necessarily jeopardize our customer relationship, in view of the above there seems to be little reason to test this since it is unlikely that we could prevent approval.

S. S. Gardner.

SSG:emc

cc: Mr. George H. Brown, Jr., Exec.V.P., Mr. O. H. Beadle, Sr.V.P.

(Discussed with Carl B. Metzger, Jr.)

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\*Not definitely determined.



[fol. 6276]

## GOVERNMENT'S EXHIBIT 225

## Inter-Office Memorandum

April 8, 1959

To: Mr. G. H. Brown, Jr., Executive Vice President, Mr. O. H. Beadle, Senior Vice President.  
 From: S. S. Gardner

Re: Saving Fund Society of Germantown; Proposed Wynnewood Location

Today I called J. Paul Baker, Chief Examiner of the Pennsylvania Department of Banking, and told him that we do not intend to protest the application of the Saving Fund Society of Germantown for a branch site in the Main Line Shopping Center, Wynnewood, Pennsylvania.

S. S. Gardner.

SSG:emc

Officers and employees are requested to transmit immediately to the central file any information coming to their attention that directly or indirectly affects any of our customers or that is of general interest. It is in this way that we are enabled to keep our files up to date. Take up one subject on this sheet—continue on back if necessary.

G. 5—Girard Trust Corn Exchange Bank.

[fol. 6277]

## GOVERNMENT'S EXHIBIT 226

## Inter-Office Memorandum

January 15, 1960.

To: Competitive Banks' Branch Locations

*Not Protested File*

From: S. S. Gardner

Re: Savings Fund Society of Germantown  
 Wynnewood Shopping Center Branch

On Tuesday, January 12, 1960, a luncheon meeting was held for Messrs. Stanley H. Heist, President; and

Edward J. Thomas, Senior Vice President, of the above bank, Messrs. G. H. Brown, Jr., L. G. Cordner, L. W. Elwell, J. J. McHugh, Jr. and the writer attended.

There was general discussion concerning savings accounts, branch facilities, etc. We were informed that Germantown's banking hours at their new office in the Wynnewood Shopping Center would be:

Monday, Tuesday and Thursday—10:00 a.m. to  
4:00 p.m.

Wednesday and Friday —10:00 a.m. to  
8:00 p.m.

S. S. Gardner.

/emo

Officers and employees are requested to transmit immediately to the central file any information coming to their attention that directly or indirectly affects any of our customers or that is of general interest. It is in this way that we are enabled to keep our files up to date. Take up one subject on this sheet—continue on back if necessary.

G, 5—Girard Trust Corn Exchange Bank.

[fol. 6278]

GOVERNMENT'S EXHIBIT 227

### Memorandum

No protest contemplated—Called Colby. P/T. S. S. G.

December 4, 1959.

To: Competitive Banks' Site—Not Protested

Re • • • Saving & Loan—New Office

We received notice on November 30, 1959, that the above • • • has announced intentions of locating a branch office at the • • • shopping center where First Pennsylvania Company and Western Saving Fund are located; approximately • • • our Lawrence Park Office. We have approximately • • • in balances from • • •

At Mr. Gardner's suggestion, I contacted Mr. Robert C. Dembergh, Assistant Vice President of the First Pennsylvania Company, to sound out their reaction to \* \* \* move. They are now investigating the possibility of opposing \* \* \* and their counsel, Harry E. Sprogell, Esq., is examining their case. Apparently, they have also been in touch with Mr. Peter Williams of Western Saving. If they do protest, it will probably be based on the fact that commercial banks are also thrift and mortgage institutions and that, statistically, the community will not support another financial institution. Penco will open their new branch office on December 7th. I alerted Messrs. Vernon and Johnson regarding this situation as primary and secondary assignees on the \* \* \* account.

Mr. Dembergh volunteered that they have not received approval on their Ashland Avenue and McDade Boulevard branch and that Mr. Pew and his attorney opposed them strenuously. It is his understanding that the Banking Board was unimpressed with the Ashland Avenue site and the Provident site west of Media.

He asked me what we were going to do about \* \* \* proposed office at Lawrence Park. I replied that \* \* \* is a good customer of ours and that any decision we would make would certainly take this into consideration, but that to date, no decision had been made and it would not be made at my level. He expressed surprise that Mr. Kelly had gone along with this proposal since he had previously expressed the opinion that as a member of \* \* \* board he was opposed to the mutual's branch expansion program since it is so unprofitable.

Penco will open a new office at St. Davids in December and will open its relocated Strafford branch in January.

R. C. Allen.

/emc

[fol. 6279] GOVERNMENT'S EXHIBIT 231

## THE PHILADELPHIA NATIONAL BANK

## Inter-Office Memorandum

July 11, 1956.

To: R. Strunce, Asst. Cashier

From: Don Breth, Montgomery

Subject: Agents Auto Plan

Don Caldwell and John Isaacson, Allstate Agents, have brought to my attention that they are loosing good finance paper because of rate. Specifically, Don stated he called on George Scheetz Chevrolet in Germantown and learned that they are placing their paper with First Pennsylvania Co. for 24, 30, and 36 Months at a rate of 4%, no liability with or without insurance, no recourse to the dealer and the salesman receives no additional bonus for finance paper.

Don worked out a deal with the sales manager and our payments were higher. Based on this, Don said he would not be able to secure any paper through this dealer.

Presently our automobile paper has fallen off 50%. Our outstandings as of this date are \$25,000.00 behind last month.

[fol. 6280] As I see the picture our competition is offering this low rate to suburban dealers for their quality paper.

I would appreciate your looking into this matter and advising.

Don.

Hotel—S. S. G. Ellis—Checking Penna Co., follow up in couple days. R. S.

[fol. 6281]

GOVERNMENT'S EXHIBIT 232

## THE PHILADELPHIA NATIONAL BANK

Inter-Office Memorandum  
File

5/16/56.

Spoke personally to Mr. Erb about this. E. W.

April 29, 1957.

Their rate 6.00—add on + \$4.56 for Ins.

Our charge, 6.00 discount plus 3.46 Ins. or 376.70, not 370.

On add-on basis + ins. we would be 417.20.

Erb says he pointed out that our rate was from the P/L chart & was a discount not an add on rate. He also told Mr. Erb that he could charge any lesser rate he wanted.

(Is this the first knowledge Mr. Erb had of his competitor's rates?)

To: Mr. E. Lawrence Worstall, Vice President

From: Mr. Frederick G. Erb, Vice President

Subject: —

I have been working very hard with one of our customers, Kepner & Remich, to get their retail paper. On Friday they sent an individual down, and we quoted a price of \$430.00 for \$370.00 over a two year period. He called this morning and advised that me that our competitor, the Security Trust Company, gave him a total figure of \$418.80 or a difference of \$11.20. He told us that if this was our rate he naturally would have to deal with Security Trust. I checked with Earl Caffery who is here this week and he said this is the best he could do.

Thought you would like to know this as I certainly can't ask for business where I know that our competitor is lower. Both figures included insurance.

F. G. E.



2944

[fol. 6282] THE PHILADELPHIA NATIONAL BANK

Inter-Office Memorandum

May 7, 1957.

To: Mr. Ellis B. Ridgway, Jr., Vice President

From: E. Lawrence Worstall

Subject: Retail Paper—Kepner & Remich

DEAR ELLIS:

Attached is a memo from Fred Erb relative to the costs of our Time Credit Department on a financing deal in Pottstown wherein one of our competitors was able to offer a lower price. Would you please review this and give Fred a little memo showing the reasons for it and possibly pointing out what services we render in our charges that our competitors no doubt do not cover.

(E.L.W.)

CC—Mr. Frederick G. Erb, Vice President

[fol. 6283] GOVERNMENT'S EXHIBIT 233

THE PHILADELPHIA NATIONAL BANK

Memorandum

April 16, 1958.

To: W. E. Brown

From: Robert Lowry

Subject: 90 Day Cash Plan or Dealer Closeout on Anticipated Loans

Recently a new Bank policy has been adopted which is stated in the manual in Section II, Page GI, Paragraph G under Rate, which is definitely not competitive.

First Penna. Co. closes out any account for the dealer at any time on or before the first payment is due for \$8.00. During this period the customer is charged \$10.00 or a half of 1% per month whichever is greater.

Girard Trust Corn Exchange charges the dealer \$10.00 or 2½% of the deal whichever is greater on or before the 90th day.

Although this is not a desirable or profitable type of paper, it does exist, and I feel we must be a little more realistic in our approach. If we charge at least enough to break even and consider it as a necessary evil, we will satisfy the trade need. I feel some consideration should be given to changing this paragraph.

However, I want it understood this type of paper will be discouraged in all new business solicitation.

R. L.

[fol. 6284] THE PHILADELPHIA NATIONAL BANK

Memorandum

May 19, 1958.

To: W. E. Brown, A. V. P.

From: Robert Lowry

Subject: 90 Day Cash Plan or Dealer Close-out Charts

On April 16, 1958, I gave you a memorandum suggesting we reconsider the new policy adopted by our Bank as outlined in Section II, Page GI, Paragraph G, which was not competitive. I believe the reply indicated we copied Girard Trust Corn Exchange in this matter, and that we were not trying to be competitive with First Penna. Co.

Mr. Dzamko recently checked with a personal friend at Corn Exchange regarding their close out charges to a dealer on accounts sold on the deferred payment plan. He was informed that the charge on or before the 30th day would be \$6.00, on or before the 60th day \$10.00, on or before the 90th day \$15.00, on the 91st day the charge is \$20.00.

This as we discussed, is an important part of our overall Time Credit program as we continually take a non-competitive attitude in our thinking; I can not help but feel we will hinder our Bank's progress in this field. In view of this discrepancy between our Bank and even Girard Trust Corn Exchange, I suggest we once again reconsider the above.

Robert Lowry.

[fol. 6285]      GOVERNMENT'S EXHIBIT 234

**Home Modernization—Girard Corn Plan**

7/22/58—Bill Calkins informed me that he has learned that Girard Corn has come out with a new home modernization plan involving insurance. The bank gives the dealer the option of either selling exclusively with or without insurance. If they do not elect to use credit life insurance all of their deals are set up on this basis. If they elect to sell with the life package an additional 1% is added to the rate. Although the bank is only billed at one-half a per cent they pay the insurance company the full 1%. The insurance company apparently holds the extra one-half per cent which is refunded to the respective dealer involved.

I just can't figure out how the insurance company would arrange to set this up and it occurs to me that there is probably some arrangement within the bank to keep track of the accounting. However, this is the best information we have to date on this plan.

Robert R. Strunce/e.

[fol. 6286]      GOVERNMENT'S EXHIBIT 235

**THE PHILADELPHIA NATIONAL BANK****Memorandum**

March 31, 1959.

To: Mr. Ellis B. Ridgeway, Vice President

From: Robert R. Strunce, Assistant Cashier

Subject: Home Modernization Plan—Reserve Bonus

After discussing the Pennsylvania Company's Reserve Bonus Plan with Bob Lowry we are convinced that we must at least match their plan if we are to obtain Home Modernization Paper. According to Bob Lowry this plan is being offered across the board to all Home Modernization Dealers and is *not* tied to any volume requirements.

Briefly the plan is this:

The rate to the customer is increased from  $6\frac{1}{2}\%$  per year to  $7\frac{1}{2}\%$  per year which includes Credit Life Insurance. Out of the  $7\frac{1}{2}\%$  per year  $1\%$  is credited to a reserve which accumulates over periods of three months (quarterly) at the end of which period the reserve is frozen for the quarters. After six months, (two quarters) the dealer is given all reserve, less charges for prepayments, accumulated in the first quarter. This continues on a quarterly basis with the bank always holding the last quarter and the dealer being refunded the previous quarter less rebates.

This operation would require a complicated bookkeeping system inasmuch as we are not set up on I.B.M. as is Pennco.

We therefore suggest the following plan:

Increase the rate to the customer to  $7\frac{1}{2}\%$  per year including Credit Life Insurance.  $1\%$  per year is to be credited to Dealers Reserve and accumulated by quarters the same as Pennsylvania Company. When the reserve has accumulated for six months the reserve is divided in half, after all rebates have been deducted, and half given to the dealer and half retained by the bank. Minimum reserve will be \$200. Payments to dealer will be made each quarter on 3/1, 6/1, 9/1 and 12/1 by dividing reserve in half after all rebates have been charged during the quarter. Dealers volume will be reviewed quarterly and if volume is not commensurate with volume expected from a particular dealer bonus will be discontinued.

RRS/cl.

Discussed with ERR—3/31.

## THE PHILADELPHIA NATIONAL BANK

## Memorandum

April 1, 1959.

To: Mr. Ellis B. Ridgway, Vice President

From: Robert R. Strunce, Assistant Cashier

Subject: Consolidation Plan for Home Modernization Dealers

As you know I have not been too sold on offering a consolidation plan for home modernization dealers. However our experience with Town & Country has been satisfactory to date as we have built up adequate reserve to cover any losses.

The Northeast offices have recommended that we consider offering two dealers this plan.

Arrow Products—Based on the recommendation of Bill Brown and the basis on which they are going to set up the account with 1% placed into reserve, strictly for losses, I am willing to go along with the branch recommendation.

Homestead Construction Co.—Although this doesn't make as much sense as the other dealer because of the limited volume involved, I am recommending that we go along with the office's recommendation on the basis outlined by Bill Brown with 1% set aside in loss reserve.

The consolidation plan as mentioned by Bill Brown could serve in part as an answer to the Check Plan offered by Pennco. In addition, as we are trying to increase our home modernization portfolio, I am willing to give the plan a try and would appreciate your comments as this represents a deviation from our usual policy.

The dealer files mentioned above are enclosed herewith.

RRS/cl.



[fol. 6288]

## GOVERNMENT'S EXHIBIT 237

## THE PHILADELPHIA NATIONAL BANK

## Memorandum

April 7, 1959.

To: Mr. Ellis B. Ridgway, Vice President

From: Robert R. Strunce, Assistant Cashier

Subject: Bonus Plan

Enclosed is a list of dealers Bob Lowry sent to me which he states have been solicited by the Pennsylvania Company on their bonus plan.

Checking back on the volume generated by these dealers in 1958 we find that they gave us about \$1,112,000. The thing to remember is that a good many of these dealers, according to Bob Lowry, did not start to give us the bulk of their business until the latter part of the year. Bob Lowry estimates that without the bonus plan it would probably cost us about \$2,000,000 to \$2,500,000 of home modernization volume.

I personally do not like the bonus plan idea but whether I like it or not, it's a reality. I believe that if we don't meet this competition we will lose the major portion of our home modernization volume. I also know this plan represents a radical departure from our thinking in not using a reserve just for losses which would have the effect of enabling us to purchase a more marginal type of credit. Recognizing the reserve enables us to show fewer charge offs, which of course affects our net return, the gross rate to the bank would not be any different than our standard plan at 6½%. Needless to say, we would have to base our credit judgment on the fact that we would *NOT* have the extra reserve. I recommend, therefore, that we offer the bonus plan to those dealers who have been giving us a volume of business.

H. D. Satterfield.

Enclosure

4/7/59.

EBR agreed after discussing with [Illegible] that although distasteful we would offer Bonus to all dealers. Question to be resolved is amt retained for pay offs. EBR—thinks \$1000.

[fol. 6289]      GOVERNMENT'S EXHIBIT 238

THE PHILADELPHIA NATIONAL BANK

Memorandum

April 22, 1959.

To: Mr. Ellis B. Ridgway, Vice President  
From: Robert R. Strunce, Assistant Cashier  
Subject: Special Home Modernization Plan

Attached is an outline of the reserve or bonus plan we are setting up to compete with Pennsylvania Company who have already promoted the plan with the home modernization dealers in this area. When you have had an opportunity to review this plan, I would appreciate any suggestions or changes you might have so that I can notify our branches.

Included in the plan you will notice that we show a minimum charge of \$8.00 in order to meet the minimum charge offered by Pennsylvania Company. Heretofore we have used a minimum charge of \$10.00 but as we have very few accounts which prepay before the first instalment we are not actually giving up anything. Of course, on our deferred program I still suggest that we obtain the minimum of \$15.00 to reduce the number of dealer payouts before the first payment becomes due.

Your comments and suggestions will be most appreciated.

RRS/cl.

cc to: Mr. E. L. Worstall, S.V.P., Mr. H. D. Satterfield,  
A.C., Mr. R. B. Lowry.

Satisfactory. Ridgway, 4/2.

## [fol. 6296] Special Home Modernization Plan

A—Time Credit Accounting Classification—200.

B—Dealer Liability—

Non-recourse.

C—Terms—

Regular Plan up to 60 months (first payment due—45 days). Deferred Plan up to 36 months (first payment due—120 days).

D—Down Payment—

None Required.

E—Documents—

Sales book (form 493) which includes note and application, or Dealer's Forms when authorized by Central Office. Important (Sales book contains 6½% charts which should be removed from book before distribution to dealers using this plan). Customers Completion Certificate (Form No. 1147) may be waived for responsible established dealers.

F—Rate—Regular Plan—

\$8.00 per hundred per year to \$299—\$7.50 per hundred per year over that amount. (Form 1960 Spec). Deferred Plan—\$7.50 per year plus 3% flat charge (Form 1925 DFT Spec), Minimum charge \$8.00. Rebate Chart 12/78. Anticipation charge for customer or dealer before date of first payment \$8.00 on regular plan and 12/78's or \$15.00, whichever is greater, on deferred plan.

G—Life Insurance—

To \$5,000 on first signer of note or signer designated. Applicants 63 or over not eligible. Premium paid by P.N.B.

**H—Bonus and Reserve—**

1% per year on amount of proceeds. To be accumulated in reserve in dealer's name. Reserve payable on quarterly basis when it exceeds 1% of accumulated dollar volume received from dealer or \$200, whichever is greater. At the end of each year dealers reserve will be adjusted to 1% of outstandings plus accumulated volume for succeeding year. Reserve payable 3/1, 6/1, 9/1, 12/1. Reserve is frozen if dealer discontinues to give us business.

**I—Minimum Monthly Installment—**

\$5.00.

**J—Advance to dealer—**

100% of unpaid balance (proceeds).

**[fol. 6291] K—Items that Qualify—**

Same as under Standard Modernization Plan.

**L—Credits that Qualify—**

Plan limited to home owners with good equity in property, job stability, and satisfactory credit background.

**M—General—**

Consolidations not allowed. Not retroactive prior to 3/1/59. All dealers must have a dealer number (no miscellaneous dealers). Dealer can only sell one plan—either our Standard Plan or our Special Plan.

[fol. 6292]

GOVERNMENT'S EXHIBIT 239

## THE PHILADELPHIA NATIONAL BANK

## Memorandum

April 26, 1960.

To: Mr. H. D. Satterfield, Assistant Vice President

From: Robert R. Strunce, Assistant Cashier

Subject: Dealer Bonus Plan

As you know we have discussed this Bonus Plan several times. We agree that we would prefer not to use it but Bob Lowry has indicated that he needs the plan from a competitive standpoint.

Girard Trust Corn Exchange charges \$7.50 per \$100 per year and gives the dealer \$1.00 per \$100 per year. Three quarters of the reserve balance is paid to the dealer every two months.

First Pennsylvania Company uses the same rates and pays the same amount to the dealer reserve. They initially accumulate the reserve for six months at the end of which time they pay the dealer the amount accrued during the first three months. From then on they pay every three months, holding the reserve accumulated in the last three months prior to payment to the dealer.

We charge the same rate and give the dealer the same amount in his reserve. However we only pay the dealer the amount in his reserve which exceeds one per cent of accumulated volume. At the end of the year we reset the reserve on the basis of year end outstandings and in the new year, reserve is only paid in amounts exceeding one per cent of year end outstandings plus accumulated volume in the new year.

Bob Lowry believes he is hampered competitively unless we change our method of paying the bonus. He points out that he only intends to use the plan as a "door opener" to solicit the bigger volume accounts. In most cases he has been pushing the "loss reserve" plan and has been able, in some cases, to switch the dealers from "bonus" to "loss" reserve. On dealers who are giving us five year paper Bob states these are set up mostly on loss reserve. Small deal-



ers with no large volume anticipated are being set up with \$7.50 per \$100 per year with no bonus or no loss reserve.

A quick review of *dealer activity* for the first quarter of 1959 indicates that fifteen of the *top twenty dealers* were on a loss reserve plan. A quick review of dealer files indicates that approximately fifty per cent of all dealers are set up on bonus plan (by number not dollar volume).

Bob Lowry has suggested several ideas to place him in a more competitive position:

1. To establish a flat minimum dollar reserve and pay on excess of that amount.
2. Peg the reserve at one per cent of the net outstandings or last year's purchases, whichever is lower.

[fol. 6293] Our biggest risk is on refunds on prepaid accounts from dealers who have discontinued doing business with us. We probably would not be able to collect the proportion of dealer reserve from the dealer to be rebated. However I don't *believe* the risk is too great although I don't have actual statistics to support this.

Recognizing the calculated risk I recommend that we peg the reserve at one per cent of accumulated volume for last year or year end outstandings, whichever is greater, subject to a maintained reserve minimum balance of \$200.

H. D. Satterfield.

cc: Mr. E. B. Ridgway, V.P.

Taken care of 5/2/60. H. D.

[fol. 6294] GOVERNMENT'S EXHIBIT 240

## THE PHILADELPHIA NATIONAL BANK

## Inter-Office Memorandum

May 18, 1959.

To: Mr. Ellis B. Ridgway, Vice President  
 From: Henry D. Satterfield, Assistant Cashier  
 Subject: Insurance Auto Agents Plan

I am attaching a memo received from our Time Credit Department in Norristown.

We are recommending that they continue giving the lower rate as an exception instead of changing our Auto Agent rates.

I would appreciate your comments.

HDS/cl.

Enclosure

Agreed. EBR, 7/18.

[fol. 6295] THE PHILADELPHIA NATIONAL BANK

## Memorandum

May 12, 1959.

To: Mr. Henry Satterfield, A. C., Time Credit, Penn Center  
 From: Dudley C. Buzby, Time Credit, Montgomery  
 Subject: Insurance Auto Agents Finance Plan

Henry, pursuant to our telephone conversation of last Friday, I am writing a memo as you had requested.

As you will remember, our conversation followed the general lines of trying to find some type of rate that will be in competition with the Philadelphia banks. It is our general opinion that we should not lower our rates, justly so, to meet the cut-rate competition. However, these auto agents must offer to their own customers the lower rates per their own operation procedure.

You have been checking our folders as they have been coming through Penn Center as to these rate exceptions and have agreed that possibly some of them have been correct. We have approved quite a few applications on a good or excellent credit basis in order to meet the competition. Our volume has been about 100,000 a month on this type of paper and so far it has proved quite profitable to the office. We have had tentative verbal agreements on this procedure to follow in this matter. Our volume has increased and I therefore feel it is necessary that we have a definite procedure to follow.

Will you please endorse some type of an operation, probably along the Second National Rate Chart that we may properly follow. We understand that this is not to be the rule but rather an exception and each credit must be based and not judged on the individual nature of the applicant. Each approval will follow with a summarized outline on the back of the credit indicating why we have offered the lower rate. We must give this some type of consideration in order to properly handle our agents. We are securing these applications due to the service offered. The agents would rather call us than Second National Bank or Fidelity Philadelphia.

Will you please give this your immediate consideration and notify us at your earliest convenience on what type of a plan or procedure we may follow.

Thank you, DCB:jcc.

HDS. 1/11/59.

[fol. 6296]. THE PHILADELPHIA NATIONAL BANK

Memorandum

May 4, 1959.

To: Henry Satterfield, Asst. Cashier, Penn Center

From: Dudley C. Buzby—M Office

Subject: —

Hank, earlier in the year we requested procedure on our Allstate and State Farm Automobile Agents Plan. As you remember, we are being undercut on rates by other banks in

this area. We are not competitive with these rates and are currently making exceptions in order to secure good to excellent applications. Our agents have told us that they are required to offer the lower rates to their customers as policy holders and they are constantly giving us the choice between placing it through Second National Bank and ourselves. Sears recently opened a new store in Abington and we have the opportunity of picking up three additional agents, however, I feel that if we cannot offer them what they are presently securing through other banks, we will not be able to properly serve them. Would you please give this some thought and advise me if we are going to be able to offer rates that are equal to their other sources.

Thank you very much. DCB.

DCB/bas

Bob Lela discuss with Ellis tomorrow.

				HS.
228 deals total				13
Term				44
24 — 14 under 4		22		44
30 — 9 under 4½				
36 — 27 under 5		228/50		88
		456		9
50 or 22½%		440		228

[Vol. 6297] THE PHILADELPHIA NATIONAL BANK

Memorandum

January 2, 1959.

To: Robert Strunce, Asst. Cashier, Time Credit, Penn Center

From: D. C. Buzby, Time Credit, Montgomery

Subject: Rates—Auto Agents Plan

DEAR MR. STRUNCE:

Attached you will find a rate schedule issued by the 2nd National Bank of Philadelphia to Allstate Insurance Co.

This schedule offers a 4% rate on 36 months as compared to our 5% rate. Our own agents are quite concerned about this matter and feel that they will have to offer the lower rates to their own customers. I have been told that Liberty Real Estate and Fidelity Philadelphia have also offered insurance agents the 4% rate for 36 months.

In line with the reduced rates 2nd National had a contest in which cash prizes were offered to the agents for sending in new business. One of our better agents made an extra \$40.00 before Christmas in this manner.

I feel that competition has become quite stiff in this matter and would appear that a slight "rate war" is going on. We have to be careful in our own area due to the relationship with the local banks. However, most of our paper is coming from outside this area and should not present too much of a problem and particularly since this represents an insurance finance program.

DCB.

DCB/jm

4/17/59—HDS & RRS have decided not to reduce direct auto agent paper.

[fol. 6298]

## GOVERNMENT'S EXHIBIT 241

## Floor Plan Rate

8/3/59—John Galligan and Earl Caffrey called on Brenninger Motors and T. D. Keyser and Jack said that they had a rough time. Both T. D. Keyser and Brenninger have gone into the Montgomery Trust because of the increase in our wholesale rate. Jack states that he thinks they are running a bluff but, of course, he is quite concerned. Jack does not feel that we should lower our rates but he told both dealers he would go back and discuss the situation further with Mr. Koch. I told Jack that he certainly would have to sell harder but we did not see how we could lower our rate. Jack also mentioned that Ralph Keyser had been at the meeting with T. D. Keyser and stated that he would go along with whatever rate his father accepted.

Jack informed me that in talking with Merv. Harris he was informed by them that up until a month ago the Mont-



gomery bank had been soliciting all of the Lansdale dealers almost on a daily basis. However for about the last three or four weeks there has been no one around from the Montgomery bank which would seem to indicate they are having the same money problems as everyone else.

Robert R. Strunce/el.

8/6/59—Jack Galligan called to tell me that he had a meeting with Mr. Koch, Mr. Weingartner, and Mr. Reber, and they concurred the rate should be 4% for T. D. Keyser. Montgomery County Bank & Trust has offered a rate of 3.8%. Apparently both Brenninger and Keyser had inquired to Montgomery County Bank & Trust but no one from the bank has been out to see them. T. D. Keyser agreed to go along with the 4 $\frac{1}{4}$ % rate and discuss this further when Mr. Satterfield returns from his vacation. Jack informs me that he still thinks these dealers are using the threat of the Montgomery County bank as pressure and he doesn't feel that they will leave us. He mentioned he discovered that United States Liability is handling the insurance for the Montgomery bank and this is in our favor in view of the unsatisfactory experience we have had with this carrier.

Robert R. Strunce/el.

2960

[fol. 6299]      GOVERNMENT'S EXHIBIT 242

THE PHILADELPHIA NATIONAL BANK

Memorandum

March 25, 1960.

3/29/60

We discussed with Mr. Ridgway and we agreed that at the present time we would not lower the rate since we are after the dealer business.

[Illegible initials]

To: Mr. Henry Satterfield, Assistant Vice President, Time Credit Department, Penn Center

From: Cliff Gillam

Subject: Auto Agent Plan

DEAR HENRY

Forwarded herewith is a flyer received by one of our customers from Pennsylvania Co. which appears to provide for an across the board \$4.50 rate on new cars, up to \$6.00 on used. They also offer free literature.

The current plans of other agent financing banks for new cars are as follows:

2nd National Bank:    \$3.50 for 24 months  
                             4.00 for 30-36 months

Fidelity:                \$3.50 for 12 months  
                             4.00 for 18 months  
                             4.25 for 24-30 months  
                             4.50 for 36 months

In addition, Fidelity offers *free literature*.

Liberty Real Estate:    \$3.50 for 12 months  
                             4.00 for 18-30 months  
                             4.50 for 36 months

In addition, Liberty pays one-quarter of one percent finders fee to the agent.

Broad Street Trust:	\$3.50 for 12 months
	4.00 for 24 months
	4.50 for 30-36 months

On used, Broad Street offers \$5.00 on 58's as well as 59's.

In view of the above, we are not at all competitive with our schedule of \$4.00 for 24 months, \$4.50 for 30 months and \$5.00 for 36 months. We are feeling this in our volume which has been down in recent months averaging around \$50,000.00 for January and February whereas formerly it would be running \$100,000.00 but with no increase in trend. We have lost all of our State Farm agents and our remaining loyal All State agents are finding it harder and harder to justify giving us paper. In addition, because of our higher rates, I know they do push our boys on unusual deals pretty hard.

Accordingly, we feel that some serious consideration should be given to offering a plan competitive with Pennsylvania Co. as follows:

- \$4.00 on New 24 months
- \$4.50 on New 30 and 36 months
- \$5.00 on Late Model Used
- \$6.00 on Older Model Used.

It also seems to me that we would benefit by giving out imprinted literature as several of the other banks are. It seems to me this might be worthwhile of and by itself regardless of the attraction it should be to the agent in reducing his promotional expenditures.

CG/ap.

[fol. 6300]

GOVERNMENT'S EXHIBIT 243

## THE PHILADELPHIA NATIONAL BANK

## Memorandum

December 9, 1960.

Notified 12/15/60

To: Mr. E. B. Ridgway, Vice President

From: H. D. Satterfield, Assistant Vice President

Subject: T. D. Keyser, Inc.

Bob Strunce and I had a meeting with the above dealer on November 30, 1960. We reviewed Collections and the Lansdale Office. T. D. also wanted to know if we would continue operating the way we are now after the merger. He stated that if he had to do business in Philadelphia, they would seek another finance connection. He wants local service. I could not give him a definite answer to this question, but stated that there is a possibility that Lansdale would not be changed.

The main purpose of the meeting was a discussion of rates. Montgomery Trust has been after T. D. Keyser for a long time to take over his account. They are offering him a fantastic reserve deal. Montgomery Trust will handle his paper at 4% per year add-on. This is for new and used cars. He stated that we should give him the same rates and this is the rate that his account warrants. He screens all his credits and they also work their past dues. This is the reason why our collection and repossession experience has been so good. In 1958 we purchased 124 new cars and 159 used cars. We had 5 repossessions for new and 8 for used in the year 1958. In 1959 we purchased 156 new cars and 190 used cars. We had one new car repossession and one used car for the year 1959. We have purchased 95 new cars and 150 used cars through August, 1960 and there have been 4 new car repossessions and 2 used. In 1958 and 1959 there were no losses and as of the end of August, 1960 we have lost \$20.00. Our experience has been excellent and it is one of the largest and best accounts we have on our books.

The dealer has no Demonstrators and he pays his interest and curtailments when due. He has a net worth of \$274,000. His present retail outstandings are \$734,508. with a participation reserve of \$26,971.48. He stated that we were well protected on repurchase and they definitely screen all credits. He could not understand why we would retain more on used than on new since our experience on used is better than new. After checking with our Collection Department, this statement is true. As of December 7, 1960, the dealer has 20 new past dues and only 15 used. Our Collection experience is good on this dealer.

I cannot see giving the dealer a 4% rate on new and used cars, but I am recommending the following plan:

New Cars—We retain 4% per year  
 1959-60 Used—We retain 4% per year  
 1958 Used—We retain 4½% per year  
 1957 & Older—We retain 5% per year

The dealer at the present time has a \$150M Wholesale line but has only \$58M outstanding. He pays for a great deal of his new cars because he does not like to pay the interest.

[fol. 6301] I would certainly hate to lose T. D. Keyser, Inc. because of our excellent experience and I feel if he should leave us that other dealers will follow. I also know if we give him the above plan he will have a better plan than the other dealers, but the other dealers do not give us the volume that T. D. Keyser is giving us. I also know that Montgomery Trust is working this account very hard and if T. D. changes, we would, in all probability, lose his deposit account. I understand that Montgomery is offering a 4% wholesale rate, but I want to keep our rate at 4½%.

I will appreciate your comments and suggestions.

H.D.S:bes.

P. S. I am attaching a list of retail purchases for August, September and October, 1960.



Hermon called me—

1. What effect on his son's deal?
2. Keep W/S rate at 4 1/2
3. (Copy Illegible)

12/21/60

Earl and I had a meeting with T. D. Keyser and gave him the following plan which was approved by Mr. Ridgeway—1958-59-60-61 retain 4% 1957 & older retain 5%.

T. D. Agreed to the plan.

HDS 12/22/60

[fol. 6302]

THE PHILADELPHIA BANK

Memorandum

December 2, 1960.

To: Edward A. Tobin  
Credit Manager

From: John J. Plunkett

Subject: Retail Purchases of T. D. Keyser

Year	Number	New	Number	Used
Aug. 1960	14	\$32,362.44	20	\$26,986.74
1959			4	10,425.54
1958			3	4,055.08
1957			4	4,582.92
1956 & Older			7	4,876.80
Sept. 1960	25	53,298.90	15	24,979.89
1959			5	10,144.58
1958			3	4,303.04
1957			4	4,758.96
1956 & Older			2	1,289.51
Oct. 1960	19	42,813.30	8	10,810.68
1959			3	5,825.76
1958			2	2,505.12
1957			2	2,158.80
1956 & Older			1	321.00

J. J. Plunkett.  
JJP:ag

To: R. R. S.

New	1960	1959	1958	1957	1956
14—32	20—27	4—10	3—4	4—5	7—5
25—53	15—25	5—10	3—4	4—5	2—1
19—43	8—11	3—6	2—3	2—2	1
58—128M	43—63M	42—26M	8—11M	10—12M	10—6M

[fol. 6303]

## GOVERNMENT'S EXHIBIT 244

## THE PHILADELPHIA NATIONAL BANK

## Memorandum

April 29, 1960.

To: Mr. Ellis B. Ridgway, Vice President  
 From: Robert R. Strunce, Assistant Cashier  
 Subject: Bonus Plan—Home Modernization

This plan is not being used by any of the county offices with the exception of the Madison Office. Madison has two dealers on the plan—Competition is Penco and Girard Trust.

The Montgomery Office has Peoples National Bank as competition. Their charge is \$6.00 per \$100 per year and they give the dealer 1% per year only on deals in excess of \$500. Total reserve is returned to dealer once a year around Christmas.

The remaining county offices indicate that they have no dealers and there is no competition. However our offices have not promoted our Home Modernization Plan to any extent.

RRS/cl.

Harry

Shouldn't this be discussed and a deal worked out to increase volume of desirable Home Mod. business at adequate rates??

Ellis [illegible].

[illegible]

[fol. 6304]

## GOVERNMENT'S EXHIBIT 246

1. Lines of Credit Held by Pennsylvania Power & Light Company from 1956 to Date, the Amount of Each Line of Credit and the Bank with Which Each Line of Credit Was Carried.

The Company does not, as a matter of policy, request banks to advise as to the line of credit which the bank will

extend to the Company. Some banks, however, gratuitously furnish this information. The banks and lines of credit listed below are the result of gratuitous information and do not reflect the true borrowing power of the Company.

Bank	Year	Line
The First Pennsylvania Banking and Trust Company, Philadelphia, Pa.....	1956	\$ 6,500,000
	1958	7,500,000
	1959	7,500,000
	1960	7,500,000
	1961	7,500,000
The Chase Manhattan Bank, New York, N. Y.....	1959	10,000,000
	1961	20,000,000

[fol. 6305] 2. Loans Made to Pennsylvania Power & Light Company from January 1, 1956 to June 6, 1961, the Amount of Each Loan and the Person, Bank or Institution from Which Each Loan Was Obtained.

Person, Bank or Institution Making Loans	Date of Loan	Maturity	Amount
The Chase Manhattan Bank, New York, N. Y.	Sept. 25, 1956	Dec. 22, 1956	\$ 5,000,000
	Jan. 28, 1957	Apr. 27, 1957	10,000,000
	Apr. 27, 1957	Oct. 24, 1957	10,000,000
	Oct. 24, 1957	July 24, 1958	10,000,000
	July 24, 1958	Apr. 24, 1959	10,000,000
	Sept. 25, 1959	June 27, 1960	5,000,000
	Apr. 25, 1960	Jan. 25, 1961	5,000,000
	June 27, 1960	Mar. 27, 1961	5,000,000
	Sept. 26, 1960	June 26, 1961	15,000,000*
	Mar. 27, 1961	Dec. 27, 1961	10,000,000
Mellon National Bank and Trust Company Pittsburgh, Pa.	Mar. 24, 1960	Dec. 24, 1960	5,000,000
	Dec. 27, 1960	Sept. 27, 1961	5,000,000
The First Pennsylvania Banking and Trust Com- pany, Philadelphia, Pa.	June 27, 1960	Mar. 27, 1961	5,000,000
	Mar. 27, 1961	Dec. 27, 1961	5,000,000

\* Banks participating in this Loan, and the amount of participation by each, are as follows:

The Chase Manhattan Bank, New York, N. Y.....	\$ 5,000,000
Mellon National Bank and Trust Company, Pittsburgh, Pa.....	5,000,000
Irving Trust Company, New York, N. Y.....	2,500,000
Girard Trust Corn Exchange Bank, Philadelphia, Pa.....	2,500,000

[fol. 6306] Although the information requested relates only to loans made to Pennsylvania Power & Light Company from 1956 to date, we believe it would be informative to set forth major loans which were obtained prior to that date but which matured after 1956.

1. Loan of \$27 million dated March 2, 1950; \$9 million of this loan matured October 1, 1960 and the remaining \$18 million was repaid at the rate of \$1.8 million each year, with the final payment made October 1, 1960. Participants in this loan, and the amount of participation by each, were as follows:

Person, Bank or Institution	Amount
The Chase Manhattan Bank, New York, N. Y.	\$12,400,000
Mellon National Bank and Trust Company, Pittsburgh, Pa.	6,000,000
The First National City Bank of New York, N. Y.	3,000,000
Irving Trust Company, New York, N. Y.	2,250,000
Fidelity-Philadelphia Trust Company, Philadelphia, Pa.	850,000
The First Pennsylvania Banking and Trust Company, Philadelphia, Pa.	850,000
The Philadelphia National Bank, Philadelphia, Pa.	850,000
Girard Trust Corn Exchange Bank, Philadelphia, Pa.	600,000
The Market Street National Bank of Philadelphia, Philadelphia, Pa.	200,000
Total	<u>\$27,000,000</u>

2. Loan of \$12 million dated May 18, 1955; repayment was made at the rate of \$2.4 million each year, with final payment on May 31, 1960. Participants in this loan, and the amount of participation by each, were as follows:

Person, Bank or Institution	Amount
Girard Trust Corn Exchange Bank, Philadelphia, Pa.	\$ 3,250,000
The Chase Manhattan Bank, New York, N. Y.	3,250,000
Mellon National Bank and Trust Company, Pittsburgh, Pa.	1,500,000
Brown Brothers Harriman and Company, New York, N. Y.	1,250,000
The First National City Bank of New York, N. Y.	900,000
Irving Trust Company, New York, N. Y.	750,000
Fidelity-Philadelphia Trust Company, Philadelphia, Pa.	350,000
The First Pennsylvania Banking and Trust Company, Philadelphia, Pa.	350,000
The Philadelphia National Bank, Philadelphia, Pa.	350,000
The Market Street National Bank of Philadelphia, Philadelphia, Pa.	50,000
Total	<u>\$12,000,000</u>

[fol. 6307] 3. Deposits of Pennsylvania Power and Light Company in Each Bank in Which the Company Had a Deposit as of Any Specified Date Within Each Calendar Year from 1956 to 1960.

December 31,

## General Bank Accounts

	1956	1957	1958	1959	1960
The Chase Manhattan Bank, New York, N. Y.	\$1,807,515	\$2,773,028	\$ 568,344	\$1,245,319	\$1,589,408
Morgan Guaranty Trust Company, New York, N. Y.	188,778	188,778			
Irving Trust Company, New York, N. Y.	427,859	527,859	324,288	295,488	495,488
The First National City Bank of New York, N. Y.	409,029	409,029	209,029	209,029	209,029
Girard Trust Corn-Exchange Bank, Philadelphia, Pa.	630,306	586,306	386,307	586,307	486,307
Mellon National Bank and Trust Company, Pittsburgh, Pa.	891,818	1,859,562	889,132	514,132	986,077
The First Pennsylvania Banking and Trust Company, Philadelphia, Pa.	2,460,439	2,757,100	3,138,913	2,104,139	2,390,818

## Service Area Banks:

The Company maintains minimum imprest balances in approximately 150 banks located throughout the territory it serves. These banks generally receive local deposits or act as collection agencies for payment of bills due the Company.

## Special Bank Accounts

## Payroll Bank Accounts:

The First National Bank of Allentown, Allentown, Pa.  
 Lehigh Valley Trust Company, Allentown, Pa.  
 Provident Tradesmen's Bank and Trust Company, Philadelphia, Pa.

## Petty Cash Checking Account:

Lehigh Valley Trust Company, Allentown, Pa.

## Dividend Disbursing Account:

Irving Trust Company, New York, N. Y.

2,282,250	563,500	558,500	559,500	551,000
2,500	2,500	2,500	2,500	2,500
2,500	2,500	2,500	2,500	2,500
50,000	25,000	25,000	25,000	25,000
65,574	135,086	167,152	7,105	47,219
4,514,383	4,516,095	4,662,530	4,843,985	4,843,770



Deposit with Trustees for the Payment of Interest on Bonds Issued by the Company or Predecessor Companies:

The Hanover Bank, New York, N. Y.	1,938	1,938	1,938	1,938
Farmers Trust Company, Carlisle, Pa.	1,513	1,595	1,595	1,595
Morgan Guaranty Trust Company, New York, N. Y.	283,958	283,748	283,163	285,398
Irving Trust Company, New York, N. Y.	—	—	—	4,680
Chemical Bank New York Trust Company, New York, N. Y.	5,184	4,177	25,416	375
The First Pennsylvania Banking and Trust Company, Philadelphia, Pa.	25	25	25	25
	447	447	447	447

Deposit with Trustee for Sinking Fund:

Chemical Bank New York Trust Company, New York, N. Y.	447
Irving Trust Company, New York, N. Y.	—

In addition to the foregoing, the following banks acted as Subscription Agents in connection with the 1959 offering of 295,481 shares of this Company's Common Stock:

Irving Trust Company, New York, N. Y.  
 Lehigh Valley Trust Company, Allentown, Pa.  
 Girard Trust Corn Exchange Bank, Philadelphia, Pa.  
 The First Pennsylvania Banking and Trust Company, Philadelphia, Pa.

[fol. 6308] 4. Pennsylvania Power & Light Company's Sales or Volume of Business by States for Each of the Years 1956 Through 1960.

The Company's chartered territory is completely within the Commonwealth of Pennsylvania.

The Operating Revenues (Sales) for the years 1956 through 1960 are as follows:

1956	\$128,604,964
1957	129,365,768
1958	131,054,965
1959	138,377,270
1960	142,304,011

[fol. 6309] 5. Pennsylvania Power & Light Company's Sales or Volume of Business in Philadelphia for Each of the Years 1956 Through 1960.

The Company's chartered territory does not include the City of Philadelphia. The answer to the question, therefore, is "None."

[fol. 6310] GOVERNMENT'S EXHIBIT 248

To: Mr. Geoffrey S. Smith—M. O.

From: Mr. Harry Kilpatrick—M. O.

Subject: Ambler Trust Company, Ambler, Pa., Ambler National Bank, Ambler, Pa.

Mr. George Scherff, President of the Ambler Trust Company, says their deposits increased from \$3,000,000 in 1944 to \$5,800,000 in 1955, and during this same period the bank's net earnings amounted to \$250,000.

Mr. Walter Reller, President of the Ambler National Bank, told George Scherff that Jim Henderson visited him the other day with the view of purchasing the bank. The only definite figures that were mentioned was Reller's salary. Henderson agreed that if they were successful in acquiring the bank they would pay Reller a salary of \$25,000 a year and give him a contract covering this until his retirement date. Reller also told Scherff that Messrs.

Coxe, Ingersoll, and Wear (Directors of the Ambler National Bank) had promised Fred Potts of the Philadelphia National Bank that if at any time they would consider selling the bank they would give him an opportunity to make a bid.

Harry Kilpatrick.

May 26, 1955

[fol. 6311]

GOVERNMENT'S EXHIBIT 249

November 28, 1955.

Mr. Walter Reller, President,  
Ambler National Bank,  
Ambler, Penna.

DEAR MR. RELLER:

This proposal of merger is submitted to you and your directors by me on behalf of the Girard Trust Corn Exchange Bank, with the informal consent of my directors. If approved by you and your Board, of course both Boards will have to take formal action and obtain the approval of shareholders of both banks and of the regulatory authorities.

#### Proposal.

We propose a merger of the Ambler National Bank with the Girard Trust Corn Exchange Bank on the basis of an exchange of shares of the two institutions as follows:

For the 20,000 shares of Ambler National Bank of a par value of \$200,000 now outstanding, 13,333  $\frac{1}{3}$  shares of Girard Trust Corn Exchange Bank also of a par value of \$200,000. This is equivalent to 2 shares of Girard Trust Corn Exchange for 3 shares of Ambler National.

There are several ways of calculating the premium to the Ambler National Bank in this offer: straight book values; true net worth values; or market values. They are set forth below in this order, although straight book value is not as accurate an appraisal as true net worth, or even market value.

Based upon the figures you have submitted to us as of 10/31/55, the book value of the 20,000 shares of your stock,

including reserves, was \$610,563, or \$30.53 per share; while the book value of our 13,333  $\frac{1}{3}$  shares as of the same date, including reserves, was \$924,933, or \$69.37 per share. Therefore this suggested basis of exchange is equivalent to a premium of \$314,370, which your shareholders will receive if book value figures only are considered. This premium is in excess of 50% over your present book value.

It is important, however, to look behind this book value figure and to evaluate the exchange on a true net worth basis. For this purpose we have estimated the real value of your buildings in Ambler, which you carry on your books [fol. 6312] at \$53,000, to be worth \$153,000. This gives a net worth value for the 20,000 shares of your bank of \$710,563.

The net worth value of our 13,333  $\frac{1}{3}$  shares offered in exchange is \$1,212,399. This is arrived at also by adding asset values not shown on our books: (1) Our income-producing Trust Department, now handling trust assets in excess of one billion five hundred million dollars. This income-producing asset, earning after taxes approximately \$500,000 per annum, is not capitalized on our books and has a capital value of approximately \$10,000,000. (2) Excess of the tax value over book for our real estate and furniture and equipment. We have made chargeoffs on our buildings in excess of normal tax-allowable depreciation. The value we carry on our books for our buildings is \$8,169,000, while the tax value is \$16,498,000, or more than double the book value. Of course the real value of our buildings, or the replacement value, is in excess of the tax value. However, in arriving at the net worth figure we have used only the tax book value. In addition, we have charged off completely all furniture and equipment which has a tax value in excess of \$1,400,000.

Therefore the actual premium which your shareholders would receive, based upon the real net worth value of the assets of the two institutions, would be \$501,836, or 89% of your current net worth value, and 6.97% for deposits.

In dividends your shareholders would receive \$40,000 against the \$20,000 they are now receiving, or double the amount.

Bank stocks generally sell on approximately a 4% yield based upon their dividend payout. This is equivalent to

\$75. per share for Girard, which is the current market value of our stock. There are no published prices for the stock of Ambler National, but on the same basis your shares should sell for \$25 per share. Thus, on the basis of the offered exchange of 2 of Girard for 3 of Ambler, the market value of the former would be \$150, while that of the latter would be \$75, or double the amount. This would be a premium of 100% of market value.

We feel justified in offering this premium for your bank since we believe it important for our bank to be able to follow the expansion of the metropolitan area, both industrially and in population, into the surrounding counties, and we believe that your bank offers to us these advantages in an important area.

It is submitted that a merger of our two institutions would prove beneficial to your shareholders, employees, and customers alike.

#### [fol. 6313] 1. Shareholders

The shareholders of the Ambler National Bank would become partners in an institution whose record, taking the period 1950 to 1954 inclusive, shows a comparatively better operating result than that of other large Philadelphia banks. For comparison, our net operating earnings when applied to deposits have increased from .67% to .83% in contrast with the following banks.

	1950	1954
Girard Trust Corn Exchange.....	.67%	.83%
Phila. National.....	.68	.79
First Penna. Co.....	.61	.68
Fidelity-Phila.....	.85	.69
Central-Penn.....	.61	.69
Provident.....	.71	.70
Tradesmens.....	.72	.72

The enlarged institution would have resources in excess of \$650,000,000, capital and surplus of over \$50,000,000, and a lending capacity to any one corporation exceeding \$5,000,000.

#### 2. Employees

As to the staff, the Girard would of course gain through the addition to its organization of the competent management and personnel now employed by the Ambler National



Bank. It would be the policy of the bank to continue these employees in their present or comparable positions, and no officer or employee would be released because of the merger, as we need additional competent help to augment our staff.

Furthermore, these employees would be benefited by our generous funded pension plan, which together with social security, is designed to provide approximately 50% of their final salaries upon reaching retirement age, after appropriate length of service. This length of service under such plan would date from the date of their employment by your bank. In addition, since the merger between Girard and Corn Exchange, a bonus has been paid annually of 5% of salaries, which it is contemplated will be continued. Furthermore, they will participate in the Girard-Corn profit-sharing plan which this year is estimated to yield an additional 4.20% of annual salaries. Group life insurance is also provided to employees. The enlarged bank would offer to them greater future opportunities at higher salary levels and in many specialized fields.

### 3. Customers

Your customers as a result of such merger would have a bank with very much larger resources and larger capital—[fol. 6314] hence a stronger bank in many ways. Those who are industrial customers will find specialists in various lines of industry to give them financial advice and they will where needed find it possible to obtain larger lines of credit, if justified. With a larger bank it should be feasible for those of your customers who are large corporations to increase their deposit balances.

Furthermore, the individuals will find a complete, rounded set of bank services of every kind. For instance, with the specialized investment, tax, and administrative personnel of the Girard Trust Corn Exchange Personal Trust Department, the merged bank should be able to attract additional trust business from the customers of the Ambler National Bank, and attract new customers from the growing population of your area. Girard has extensive foreign connections abroad and maintains banking connections in virtually all important foreign cities throughout the free world. Its Foreign Department is manned by experienced personnel capable of taking care of the requirements and

foreign business of the industries and individuals you now serve.

### General Policy

With respect to the officers of your bank, we would expect to determine by conference with you suitable positions and titles in each case.

We believe it would be desirable to maintain the present Board of Directors as the Advisory Board, the meetings to be attended as well by our President or another senior officer, the fees paid to directors on the Advisory Board to be \$50 per meeting.

If you and your Board regard this proposal favorably, and we are otherwise agreed upon the terms of the merger, we will of course make available to you and your staff before entering into a final agreement of merger, the opportunity to check fully and completely our books, our earnings, the nature of our loans, the securities in our portfolio, and all of our other assets and liabilities, to the extent that you desire and we assume that you will be willing to grant us the same opportunity.

I should be very glad to meet with you and with any of your directors, at such time as may be convenient, to further discuss this proposal.

Sincerely yours, Geoffrey S. Smith, President.

[fol. 6315]

GOVERNMENT'S EXHIBIT 250

GIRARD TRUST CORN EXCHANGE BANK  
Philadelphia, Pa.

### Memorandum

January 4, 1957.

Re: Ambler National Bank

I paid a visit this morning to Walter Reller, President of the Ambler National Bank. He said he had been hoping to see me in order to get some advice as to whether they should establish a branch in the new Fort Washington industrial center, which they have an approved application for.

It is his feeling that the industrial center has not developed sufficiently to make it worth while for them to open a branch, but for the future he feels that it may be useful. He said very frankly that what he has in mind is whether their bank would be more attractive in a year or so to a large Philadelphia bank such as ours if they had a branch in the industrial center.

I told him that rather than give him an off-the-cuff answer I would like to have Mr. Beadle analyze it, explaining that Mr. Beadle has had many years experience in just this kind of problem and was our expert on it.

The Ambler National increased its deposits about \$1 million last year and their earnings went from around \$1.80 to approximately \$2.30 a share. They also had non-recurring profits from a real estate transaction which added another \$40,000. He fully expects a similar increase again next year and specifically stated that he has no interest in discussing merger at this time.

We also discussed the branch banking problem in general. The visit was on a very friendly basis and I think I have established over the past year a very satisfactory relationship with Walter Reller. I don't think he would discuss merger with anyone else without talking to me about it.

I had an opportunity to tell him about our very substantial increase in net operating earnings of approximately 75% over the past five years, and he commented on the fact that Philadelphia National had made very little progress during this period.

Geoffrey S. Smith, President.

[fol. 6316]

## GOVERNMENT'S EXHIBIT 251

## The Atlantic Refining Company (Only)

## Notes Payable to Banks

1956-1960

		Time Period		
	Amount.	Date of Loan	Date Repaid	Interest Rate
Notes dated prior to 1956:				
Guaranty Trust Co. of N. Y.	\$ 400,000	9-12-46	9-10-56	1¾%
Notes dated in 1956:				
Chase Manhattan Bank of N. Y.	20,000,000	6-6-56	8-28-57	3¾
	1,000,000	10-17-56	11-2-56	4
Guaranty Trust Co. of N. Y.	20,000,000	6-6-56	8-28-57	3¾
	1,000,000	10-17-56	11-2-56	4
First National City Bank of N. Y.	20,000,000	6-6-56	8-28-57	3¾
	1,000,000	10-17-56	11-2-56	4
First Penna. Bkg & Trust Co.	5,000,000	6-6-56	8-28-57	3¾
	1,500,000	10-17-56	11-2-56	4
Notes dated in 1957:				
Chase Manhattan Banks of N. Y.	3,000,000	6-14-57	8-28-57	4
	2,000,000	7-1-57	8-28-57	4
	1,000,000	8-21-57	8-28-57	4½
	1,000,000	10-31-57	1-24-58	4½
	1,000,000	12-16-57	1-15-58	4½
	1,000,000	12-20-57	1-20-58	4½
Guaranty Trust Co. of N. Y.	3,000,000	6-14-57	8-28-57	4
	2,000,000	6-28-57	8-28-57	4
	2,000,000	10-31-57	1-29-58	4½
First National City Bank of N. Y.	3,000,000	6-14-57	8-28-57	4
	1,000,000	7-1-57	8-28-57	4
	2,000,000	8-21-57	8-28-57	4½
	1,000,000	10-31-57	1-29-58	4½
	1,000,000	12-16-57	1-15-58	4½
	1,000,000	12-20-57	1-20-58	4½
First Penna. Bkg & Trust Co.	2,000,000	6-18-57	8-28-57	4
	1,000,000	10-30-57	1-28-58	4½
	1,000,000	12-16-57	1-15-58	4½
	1,000,000	12-19-57	1-20-58	4½
[fol. 6317]				
Notes dated in 1958:				
Chase Manhattan Bank of N. Y.	\$1,000,000	1-29-58	2-28-58	4 %
	1,000,000	2-28-58	3-31-58	4
	1,000,000	5-29-58	7-28-58	3½
	2,000,000	6-18-58	8-18-58	3½
	1,000,000	6-30-58	8-29-58	3½
	1,000,000	7-18-58	9-16-58	3½
	2,000,000	7-28-58	9-26-58	3½
	1,000,000	8-18-58	1-12-59	3½
	1,000,000	8-18-58	1-19-59	3½
	1,000,000	8-29-58	2-28-59	3½
	2,000,000	9-16-58	3-16-59	4
	1,000,000	9-26-58	3-26-59	4

	Amount	Time Period		Interest Rate
		Date of Loan	Date Repaid	
Guaranty Trust Co. of N. Y.....	1,000,000	5-29-58	7-28-58	3½
	2,000,000	6-16-58	8-15-58	3½
	2,000,000	7-18-58	9-16-58	3½
	2,000,000	7-28-58	9-26-58	3½
	1,000,000	8-15-58	1-12-59	3½
	1,000,000	8-15-58	1-19-59	3½
	1,000,000	9-16-58	1-19-59	4
	1,000,000	9-16-58	3-16-59	4
	2,000,000	9-26-58	3-26-59	4
First National City Bank of N. Y.....	1,000,000	1-29-58	2-28-58	4
	1,000,000	5-29-58	7-28-58	3½
	2,000,000	6-18-58	8-18-58	3½
	1,000,000	6-30-58	8-29-58	3½
	1,000,000	7-18-58	9-16-58	3½
	2,000,000	7-28-58	9-26-58	3½
	1,000,000	8-18-58	1-12-59	3½
	1,000,000	8-18-58	1-19-59	3½
	1,000,000	8-29-58	2-28-59	3½
	1,000,000	9-16-58	3-16-59	4
	2,000,000	9-26-58	3-26-59	4
First Penna. Bkg & Trust Co.....	1,000,000	1-28-58	2-27-58	4
	1,000,000	2-27-58	3-28-58	4
	1,000,000	5-29-58	7-28-58	3½
	1,000,000	6-16-58	8-15-58	3½
	1,000,000	6-18-58	8-18-58	3½
	1,000,000	6-30-58	8-29-58	3½
	1,000,000	7-18-58	9-16-58	3½
	1,000,000	7-31-58	9-29-58	3½
	1,000,000	8-15-58	1-12-59	3½
	1,000,000	8-15-58	1-19-59	3½
	1,000,000	8-29-58	2-27-59	3½
	2,000,000	9-16-58	3-16-59	4
[fol. 6318]				
Notes dated in 1959:				
Chase Manhattan Bank of N. Y.....	1,000,000	3- 2-59	9- 2-59	4
	2,000,000	3-16-59	9-16-59	4
	1,000,000	3-26-59	9-28-59	4
	1,000,000	5-28-59	11-30-59	4½
	2,000,000	6-18-59	12-18-59	4½
	1,000,000	6-23-59	12-23-59	4½
	1,000,000	7-31-59	1-13-60	4½
	1,000,000	9- 2-59	3- 2-60	5
	2,000,000	9-16-59	3-16-60	5
	1,000,000	9-21-59	3-21-60	5
	1,000,000	9-28-59	3-28-60	5
	1,000,000	11-30-59	5-31-60	5
	2,000,000	12-18-59	6-20-60	5
	1,000,000	12-23-59	6-23-60	5
Guaranty Trust Co. of N. Y.....	1,000,000	3-16-59	9-16-59	4
	2,000,000	3-26-59	9-28-59	4
Morgan Guaranty Trust Co. of N. Y....	2,000,000	5-22-59	11-23-59	4½
	2,000,000	6-17-59	12-18-59	4½
	1,000,000	6-23-59	9-23-59	4½
	1,000,000	9-16-59	3-16-60	5
	2,000,000	9-21-59	3-21-60	5
	2,000,000	9-28-59	3-28-60	5
	2,000,000	11-23-59	5-23-60	5
	2,000,000	12-17-59	6-17-60	5
	1,000,000	12-23-59	6-23-60	5



## Time Period

	Amount	Date of Loan	Date Repaid	Interest Rate
First National City Bank of N. Y.	1,000,000	3-2-59	9-2-59	4
	1,000,000	3-16-59	9-16-59	4
	2,000,000	3-26-59	9-28-59	4
	1,000,000	5-28-59	11-30-59	4½
	2,000,000	6-18-59	12-18-59	4½
	1,000,000	7-20-59	1-13-60	4½
	1,000,000	8-31-59	2-29-60	4½
	1,000,000	9-2-59	3-2-60	5
	1,000,000	9-16-59	3-16-60	5
	1,000,000	9-21-59	3-21-60	5
	2,000,000	9-28-59	3-28-60	5
	1,000,000	11-30-59	5-31-60	5
	2,000,000	12-18-59	6-20-60	5
[fol. 6319]				
First Penna. Bkg & Trust Co.	1,000,000	3-2-59	9-2-59	4 %
	2,000,000	3-16-59	9-16-59	4
	1,000,000	5-28-59	11-30-59	4½
	2,000,000	6-17-59	12-17-59	4½
	1,000,000	7-20-59	1-13-60	4½
	1,000,000	9-2-59	3-2-60	5
	2,000,000	9-16-59	3-16-60	5
	1,000,000	11-30-59	5-31-60	5
	2,000,000	12-17-59	6-17-60	5
Notes dated in 1960:				
Chase Manhattan Bank	1,000,000	3-2-60	9-2-60	5
	2,000,000	3-16-60	9-16-60	5
	1,000,000	3-21-60	9-21-60	5
	1,000,000	3-28-60	9-28-60	5
	2,000,000	6-20-60	9-19-60	5
	1,000,000	6-23-60	9-21-60	5
	1,000,000	9-16-60	1-6-61	4½
	1,000,000	9-16-60	1-13-61	4½
	2,000,000	9-19-60	12-19-60	4½
	2,000,000	9-21-60	12-20-60	4½
	1,000,000	9-28-60	12-27-60	4½
	1,000,000	12-20-60	1-18-61	4½
	1,000,000	12-20-60	2-3-61	4½
Morgan Guaranty Trust Co. of N.Y.	1,000,000	3-16-60	7-12-60	5
	2,000,000	3-21-60	9-21-60	5
	1,000,000	3-28-60	9-28-60	5
	2,000,000	5-23-60	11-10-60	5
	2,000,000	6-17-60	9-15-60	5
	1,000,000	6-23-60	9-21-60	5
	2,000,000	9-15-60	12-14-60	4½
	3,000,000	9-21-60	12-20-60	4½
	1,000,000	9-28-60	12-27-60	4½
	1,000,000	12-20-60	1-12-61	4½
	1,000,000	12-20-60	1-18-61	4½
	1,000,000	12-20-60	2-6-61	4½
[fol. 6320]				
First National City Bank of N. Y.	1,000,000	2-29-60	8-29-60	5 %
	1,000,000	3-2-60	9-2-60	5
	1,000,000	3-16-60	9-16-60	5
	1,000,000	3-21-60	9-21-60	5
	1,000,000	3-28-60	9-28-60	5
	1,000,000	5-31-60	11-10-60	5
	2,000,000	6-20-60	9-19-60	5

	Amount	Time Period		Interest Rate
		Date of Loan	Date Repaid	
	1,000,000	9-16-60	1-26-61	4½
	2,000,000	9-19-60	12-19-60	4½
	1,000,000	9-21-60	1-6-61	4½
	1,000,000	9-28-60	12-27-60	4½
	2,000,000	12-19-60	1-13-61	4½
First Penna. Bkg & Trust Co.....	1,000,000	3-2-60	9-2-60	5
	2,000,000	3-16-60	9-16-60	5
	1,000,000	5-31-60	11-18-60	5
	2,000,000	6-17-60	9-15-60	5
	2,000,000	9-15-60	12-14-60	4½
	1,000,000	9-16-60	1-18-61	4½
	1,000,000	9-16-60	2-2-61	4½

C.F.S.—R.W.W.  
6-5-61

[fol. 6321]

Schedule 2B

The Atlantic Refining Company (Only)  
Notes Payable to Other than Banks

	Amount	Time Period	
		Date of Loan	Date Repaid
Notes dated in 1958:			
Goldman, Sachs & Co.....	\$2,500,000	8-22-58	12-22-58
	2,500,000	8-22-58	2-20-59
Notes dated in 1959:			
Goldman, Sachs & Co.....	5,000,000	8-18-59	11-18-59
	5,000,000	11-18-59	2-16-60
Notes dated in 1960:			
Goldman, Sachs & Co.....	5,000,000	4-28-60	7-28-60
	3,000,000	6-30-60	10-13-60
	5,000,000	7-28-60	3-15-61

CFS-RWW  
6-6-61

[fol. 6322]

Schedule 2C

Atlantic Pipe Line Company  
Notes Payable to Banks  
1956-1960

Notes dated prior to 1956:

Guaranty Trust Co. of N. Y.....	\$900,000	9-28-49	12-1-56
(Serial notes)	400,000	10-26-49	12-1-57
	500,000	12-1-49	12-1-58
	500,000	12-1-59	12-1-58
			\$325,000
			5-31-59
			\$325,000
			5-31-60
	400,000	7-18-55	\$350,000
	1,600,000	12-21-55	5-31-61
			Balance Repayable

## Time Period

	Amount	Date of Loan	Date and Am't. Repaid
Notes dated in 1957:			
Guaranty Trust Co. of N. Y.....	2,800,000	12-20-57	1-20-58
Notes dated in 1958:			
Guaranty Trust Co. of N. Y.....	2,450,000	1-20-58	2-19-58
	2,100,000	2-19-58	3-21-58
	1,750,000	3-21-58	4-21-58
	1,150,000	4-21-58	5-21-58
	650,000	5-21-58	6-20-58
	300,000	6-20-58	8-19-58
			\$300,000
			1-27-59
	2,300,000	12-29-58	\$600,000
			2-26-59
			\$1,300,000
			3-30-59
Notes dated in 1959:			
Morgan Guaranty Trust Co. of N. Y.....	1,000,000	3-30-59	\$250,000
			4-27-59
			\$750,000
Morgan Guaranty Trust Co. of N. Y.....	600,000	12-30-59	5-15-59
			1-29-60
Notes dated in 1960:			
Morgan Guaranty Trust Co. of N. Y.....	1,000,000	6-21-60	\$200,000
			8-19-60
			\$800,000
			9-19-60
			\$200,000
Morgan Guaranty Trust Co. of N. Y.....	400,000	9-19-60	10-25-60
			\$200,000
			1-23-60
Morgan Guaranty Trust Co. of N. Y.....	2,600,000	12-21-60	

CFS-EJP  
6-6-61

[fol. 6322a]

Atlantic Refining Company of Cuba  
Notes Payable to Banks  
1956-1960

Schedule 2

## Time Period

	Amount	Date of Loan	Date Repaid
Notes dated prior to 1960:			
None.....			
Notes dated in 1960:			
The First National City Bank of N. Y.			
Havana Branch.....	\$20,000	12-31-59	5-10-60
			\$3,000
	30,000	5-10-60	8-31-60
			\$27,000
			Written Off
			12/31/60

NOTE: Transactions consolidated on a one month lag.

CFS-EJP  
6-6-61

[Vol. 6323]

The Atlantic Refining Company and Consolidated Subsidiaries  
Cash by Banks at December 31

	1956	1957	1958	1959	1960	Schedule 3
First Penna. Banking & Trust Co.	\$ 3,211,212.18	\$ 3,064,838.89	\$ 6,896,985.76	\$ 2,970,782.87	\$ 7,398,952.77	
The Chase Manhattan Bank	4,131,070.55	1,593,309.26	2,583,694.40	2,991,070.28	2,887,847.19	
Morgan Guaranty Trust Co. of N. Y.	5,559,158.24	2,724,038.07	4,136,379.70	10,385,765.27	7,153,266.86	
First National City Bank of N. Y.	4,924,392.92	2,446,689.28	3,520,325.17	4,063,720.63	2,320,086.71	
Philadelphia National Bank	—	—	5,132.25	1,000.00	1,000.00	
First National Bank—Dallas	124.36	67.02	78.06	111.02	51.54	
Royal Bank of Canada	154,987.07	114,588.05	144,867.68	125,106.97	830,662.84	
Merchants National—Port Arthur	4,273.21	13,866.45	4,202.26	4,741.65	4,439.94	
The Rhode Island Hospital Trust Co.—Providence	—	—	—	126,450.20	70,816.37	
The Lincoln National Bank & Trust Co.—Syracuse	75,000.00	18,136.02	10,667.94	12,764.23	75,000.00	
The Union National Bank—Pittsburgh	149,963.77	49,948.10	49,636.92	70,476.30	55,017.13	
The Pittsburgh National Bank	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	
The Union National Bank—Charlotte	6,003.29	5,832.73	5,493.81	5,898.01	60,590.41	
The Bank of Virginia—Richmond	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	
The Wilmington Savings & Trust Co.—N. C.	100.00	100.00	100.00	100.00	100.00	
The National Shawmut Bank of Boston	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	
Harrisburg Trust Co.	—	—	—	—	20,000.00	
Republic National Bank—Dallas	150.94	172.02	257.36	223.66	218.01	
Genesee Valley Union Trust Co.—Rochester	20,000.00	20,000.00	20,000.00	20,000.00	—	
National Commercial Bank & Trust Co.—Albany	1,000.00	1,000.00	1,000.00	1,000.00	—	
Berkshire County Trust Co.—Reading	147,588.76	170,227.88	1,962.51	50,668.07	—	
National Bank—Tulsa	10,000.00	10,000.00	10,000.00	—	—	
The Rhode Island National Bank—Providence	175,000.00	5,000.00	5,000.00	—	—	
Sub-total	18,581,055.29	10,248,813.77	17,406,783.82	20,840,929.16	20,889,058.27	

[fol. 6324]

Sub-total carried forward	\$18,581,055.29	\$10,248,813.77	\$17,406,783.82	\$20,840,929.16	\$20,889,058.27
Banco Agricola Mercantil—Guatemala	64,802.76	146,673.25	13,340.36	38,469.98	21,131.41
British Bank of the Middle East—Tripoli	—	—	—	—	28,381.07
Banco Union—Caracas	—	—	—	4,036.00	10,022.26
Banco Boliviano Americano—La Paz	—	—	—	—	4.81
Bank of London & South America	—	—	—	—	4,000,000.00
Credito Hipotecario Nacional de Guatemala	—	462.50	—	—	—
Banco Exterior de Espana	—	—	—	—	6,010.82
Cash in transit, petty cash and advances	4,664,295.80	4,061,604.26	4,357,622.69	3,235,654.49	2,729,806.81
Total consolidated cash	23,310,153.85	14,457,553.78	21,777,746.87	24,148,489.63	27,684,415.45

CFS-RHH  
6-6-61



[fol. 6325]

## GOVERNMENT'S EXHIBIT 252

Rohm &amp; Haas Company

Schedule 1.

Lines of Credit Held from January 1, 1956 to May 31, 1961

	January 1, 1956	May 8, 1956	April 26, 1957	June 26, 1959	May 31, 1961
Philadelphia National Bank.....	\$ 6,500,000	\$ 6,600,000	\$ 7,500,000	\$ 8,000,000	\$ 8,000,000
Girard Trust Corn Exchange Bank.....	4,500,000	5,000,000	5,000,000	5,000,000	5,000,000
Fidelity-Philadelphia Trust Company.....	2,500,000	2,750,000	3,000,000	3,300,000	3,300,000
Central Penn National Bank of Philadelphia.....	—	2,000,000	2,000,000	2,000,000	2,000,000
Provident Tradesmens Bank & Trust Company.....	—	4,700,000	1,700,000	1,700,000	1,700,000
Equitable Security Trust Company, Wilmington, Delaware.....	—	1,150,000	—	—	—
Total Credit Line Held.....	<u>\$13,500,000</u>	<u>\$19,200,000</u>	<u>\$19,200,000</u>	<u>\$20,000,000</u>	<u>\$20,000,000</u>

Schedule 2

## GOVERNMENT'S EXHIBIT 253

## Rohm &amp; Haas Company

## Total Loans Outstanding January 1, 1956 to July 24, 1958

	January 1, 1956	July 1, 1956	July 1, 1957	March 17, 1958	July 1, 1958	July 11, 1958	July 24, 1958
Philadelphia National Bank	\$ —	\$ —	\$ —	\$1,875,000	\$1,875,000	\$1,484,375	\$ 898,438
Girard Trust Corn Exchange Bank	—	—	—	1,250,000	1,250,000	989,583	598,458
Fidelity-Philadelphia Trust Company	—	—	—	750,000	750,000	593,750	359,375
Central Penn. National Bank of Philadelphia	—	—	—	500,000	500,000	395,833	239,583
Provident Tradesmens Bank & Trust Company	—	—	—	425,000	425,000	336,459	203,646
Total Bank Loans	5,600,000	5,400,000	4,800,000	4,800,000	4,800,000	3,800,000	2,300,000
Penn Mutual Life Insurance Company	—	—	4,800,000	4,800,000	4,000,000	4,000,000	4,000,000
Total Loans Outstanding	\$5,600,000	\$5,400,000	\$4,800,000	\$9,600,000	\$8,800,000	\$7,800,000	\$6,300,000

[fol. 6326]

[fol. 6328]

## GOVERNMENT'S EXHIBIT 254

## Schedule 3

## Rohm &amp; Haas Company Bank Account Balances—Beginning of Business September 1, 1956, 1957, 1958, 1959, 1960

	Location	Account No.	1956		1957		1958		1959		1960	
			Total		Total		Total		Total		Total	
Philadelphia National	Phila. Pa.	#1	\$2,797,564		\$5,131,034		\$4,839,298		\$3,947,199		\$3,001,020	
Philadelphia National	Phila. Pa.	#2	36,811		40,000		40,000		40,000		90,000	
Philadelphia National	Phila. Pa.	#3	1,897,774		812,239		892,267		208,826		37,585	
Philadelphia National	Phila. Pa.	#3 Time	3,000,000	\$ 7,732,149	0	\$5,983,273	0	\$5,771,565	0	\$4,196,025	2,000,000	\$5,128,005
Girard Trust Corn Exch.	Phila. Pa.	#1	\$ 961,997		\$ 384,787		\$ 298,776		\$ 199,450		\$ 151,420	
Girard Trust Corn Exch.	Phila. Pa.	#2	14,997		15,000		15,000		15,000		15,000	
Girard Trust Corn Exch.	Phila. Pa.	#3	175,000		175,000		50,000		100,000		50,000	
Girard Trust Corn Exch.	Phila. Pa.	Pl. Oper.	15,748		4,933		6,319		9,010		5,179	
Girard Trust Corn Exch.	Phila. Pa.	Pl. Payroll	40,727	1,208,469	18,773	598,493	105,000	475,095	140,000	463,460	150,000	371,599
Frankford Trust	Phila. Pa.	#1	\$ 399,936		\$ 0		\$ 0		\$ 0		\$ 0	
Frankford Trust	Phila. Pa.	#4 Sav. Bd.	21,183	421,119	0	19,348	0	1,106	0	0	0	0
Provident Trust	Phila. Pa.	#1 #5		198,429		118,529		67,172		100,972		118,028
Equitable Security Trust	Wilm. Del.	#1		348,085		0		0		0		0
First Nat'l Bank	Chicago	#1 #5		214,981		50,000		50,000		100,000		50,000
Nat'l. Sec. Bank of Chicago	Chicago	Oper. #1	\$ 9,000		\$ 0		\$ 0		\$ 0		\$ 0	
Nat'l. Sec. Bank of Chicago	Chicago	Oper. #5	10,442	19,442	0	0	0	0	0	0	0	0
Commerce Trust Co.	Kan. C. Mo.	Oper. #1		1,500		1,500		1,500		1,500		1,500
Security 1st Nat'l Bank	L. A.	Oper. #1	\$ 10,000		\$ 10,000		\$ 10,000		\$ 15,000		\$ 15,000	
Security 1st Nat'l Bank	L. A.	Oper. #5	20,126	30,126	32,016	42,016	104,901	114,901	142,855	157,035	330,194	345,194
Bank of Charlotte	Char.	Oper. #1		10,000		10,000		10,000		10,000		10,000
Lincoln Bank & Trust Co.	Louisville	Oper.		1,500		1,500		2,000		2,000		2,000
Nat'l Bank of Detroit	Detroit	Oper.		1,200		1,200		1,500		1,500		1,850
Bank of America	San. Fran.	Oper.		20,000		20,000		20,000		20,000		20,000
Fidelity Phila Trust Co.	Phila.	#1	\$ 691,388		\$ 219,572		\$ 396,078		\$ 817,768		\$ 671,878	
Fidelity Phila Trust Co.	Phila.	#3 Time	4,000,000		0		1,000,000		0		2,000,000	
Fidelity Phila Trust Co.	Bristol	Demand #3	0		200,000		50,000		200,000		100,000	
Fidelity Phila Trust Co.	Bristol	Oper. #1	0		10,519		13,757		6,391		15,286	
Fidelity Phila Trust Co.	Bristol	Payroll	0	4,691,388	37,402	467,493	140,079	1,599,914	160,000	1,184,459	180,201	2,967,365
Central Penn Nat'l Bank	Phila.	#3		150,000		150,000		50,000		100,000		50,000
Republic Nat'l Bank of Dallas	Dallas	#5		0		0		0		30,000		30,000

(gl. 6329)

	Location	Account No.	1956	1957	1958	1959	1960
			Total	Total	Total	Total	Total
Farmers Nat'l Bk of Bucks Co.	Bristol	#3	200,000	-0-	0	0	0
Farmers Nat'l Bk of Bucks Co.	Bristol	Pl. Oper.	10,716	-0-	0	0	0
Farmers Nat'l Bk of Bucks Co.	Bristol	Payroll	23,771	-0-	0	0	0
First Nat'l Bank	Louisville	Oper.	-0-	-0-	0	0	4,001
First Nat'l Bank	Louisville	Payroll	-0-	-0-	0	0	20,000
Mortan Guaranty Trust of N.Y.	N.Y.	#3	-601,850	301,850	325,000	200,000	100,000
Nat'l Bank of Commerce	Houston	#5	100,000	100,000	50,000	100,000	50,000
Nat'l Bank of Commerce	Houston	Payroll	40,945	36,740	21,003	120,041	150,000
Park Nat'l Bank	Knox.	Oper.	28,594	29,837	35,146	30,000	25,363
Park Nat'l Bank	Knox.	Payroll	11,221	3,387	21,145	18,414	45,000
Park Nat'l Bank	Knox.	#5	100,000	75,000	50,000	100,000	100,000
Park Nat'l Bank	Knox.	Bond	876	1,304	0	0	0
1st National City of N.Y.	N.Y.	#5	520,174	200,000	100,000	200,000	100,000
1st National City of N.Y.	N.Y.	A	-0-	2,000	2,000	2,000	0
Irving Trust of N.Y.	N.Y.	#5	3,000	3,654	4,044	4,061	4,146
Pasadena State Bank	Pasadena	Pl. Oper.	53,706	30,442	52,210	74,189	88,210
First Nat'l Bank Huntsville	Huntsville	#1	8,030	15,561	15,752	24,278	30,285
First Nat'l Bank Huntsville	Huntsville	Bond	1,161	145	0	0	0
Henderson Nat'l Bank	Huntsville	Payroll	5,924	6,441	3,791	6,197	9,950
1st Nat'l Bank of Skokie	Skokie Ill.	Oper	-0-	9,000	9,000	9,000	12,000
1st Nat'l Bank of Skokie	Skokie Ill.	#5	-0-	10,588	12,738	29,658	106,115
Total Bank Balances Per Books			<u>\$16,758,356</u>	<u>\$8,289,301</u>	<u>\$8,666,582</u>	<u>\$7,284,569</u>	<u>\$9,941,211</u>

[fol. 6330]

## GOVERNMENT'S EXHIBIT 255

## Lines of Bank Credit

## Bankers Securities Corporation (Merchandising Division) &amp; Response to Question 1

Moore Division	2/2/57	2/1/58	1/31/59	1/30/61	1/28/61	5/27/61
Phila Nat'l Bank	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000
Girard Trust Corp.	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000
Provident Trustmens	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Manufacturers Trust	3,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Central-Penn.	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	750,000
Camden Trust	400,000	400,000	400,000	400,000	400,000	400,000
Total	12,000,000	10,500,000	10,500,000	10,500,000	10,500,000	10,250,000

Note: Neither Bankers Securities Corporation proper nor its Hotel Division requested or had any lines of Bank credit outstanding during the years 1956 to date.

[fol. 6331]

## Loans Outstanding Bankers Securities Corporation &amp; Response to Question 2

	2/2/57	2/1/58	1/31/59	1/30/60	1/28/61	5/27/61
Phila Nat'l Bank	3,700,000	1,400,000	800,000	3,700,000	2,700,000	3,150,000
Girard Trust Corp.	2,300,000	2,000,000	2,300,000	3,700,000	1,850,000	1,900,000
Provident Trustmens		1,300,000	1,600,000	1,600,000	1,600,000	1,000,000
Manufacturers Trust	3,000,000	1,500,000	1,500,000	1,500,000	1,500,000	750,000
Central-Penn.		1,000,000	1,000,000	400,000	400,000	400,000
Camden Trust						
First Penna Banking & Tr. Co. (Investment Obligation)		4,000,000	4,000,000	4,000,000	3,000,000	3,000,000
Total	9,000,000	11,200,000	11,200,000	11,200,000	10,200,000	10,200,000



[fol. 6332]

## Bank Deposits Bankers Securities Corporation &amp; Response to Question 3.

## Bankers Securities Corp.

	1/31/57	1/31/58	1/31/59	1/31/60	1/31/61
Phila National Bank	961,078.03	356,518.84	418,599.42	362,446.98	855,156.69
First Penna Bk. & Trust Co.	4,200,425.56	1,589,407.83	1,233,256.63	1,529,761.74	1,809,876.66
Chase Manhattan Bank	300,108.91	1,999,966.36	270,028.36	270,005.08	269,627.68
Bank of Old York Road	75,000.00	5,888.24	5,888.24	5,888.24	5,888.24
Broad Street Trust Co.	108,162.46	103,701.11	103,701.11	103,701.11	103,701.11
Camden Trust Co.	824,884.19	289,644.98	399,644.98	564,510.74	273,054.56
Central-Penn. Nat'l. Bank	258,679.06	158,679.06	265,807.40	258,736.51	258,736.51
Chemical Corp. Exchange Bank	50,538.65	0-	0-	0-	0-
Fidelity-Phila Trust Co.	314,539.75	340,138.07	359,916.37	251,542.93	251,542.93
First Nat'l. Bank of Boston	1,132,323.97	368,705.23	368,705.23	818,705.23	456,024.98
Girard Trust Corp. Exch. Bk.	302,047.95	362,047.95	412,047.95	262,047.95	262,047.95
Manufacturers Trust Co.	404,078.75	254,078.75	427,239.50	232,450.46	232,450.46
Trademarks Bk. & Trust Co.	824,068.83	0-	0-	0-	0-
Provident Trademarks Bk. & Tr. Co.	0-	223,348.35	563,294.07	213,322.07	436,155.26
Pittsburgh National Bank	0-	0-	0-	0-	200,000.00
	9,755,936.11	4,252,124.77	4,828,129.26	4,873,119.04	5,414,263.03
Hotel Division					
Provident Trademarks	166,531.17	124,971.54	174,449.10	221,125.21	223,454.44

Snellenburgs Division				
Phila Nat'l Bank	148,767 15	40,292 16	175,413 06	
Girard Trust Corn Exch.	14,685 42	8,957 20	17,041 23	
Provident Tradesmens	461,728 60	82,117 79	53,475 32	
Manufacturers Trust	10,672 62	711 02	4,286 02	
Central Penn.	149,389 84	11,012 22	26,109 27	
Camden Trust	50,608 39	5,333 36	11,547 63	
Bank of Old York Road	62,656 67	14,487 80	27,865 95	
Boardwalk Nat'l Bank	47,963 66	9,696 04	6,753 75	
Guarantee Trust	39,149 90	14,156 53	14,754 64	
	175,854 41	612,737 34	189,764 12	337,246 87

[fol. 6333]

## Sales or Volume of Business Bankers Securities Corporation &amp; Response to Questions 4 and 5.

Bankers Securities Corp.	1/31/57	1/31/58	1/31/59	1/31/60	1/31/61
Hotel and Mdse. Division sales (see footnote)	11,135,246 48	4,405,549 23	4,441,312 50	4,198,915 36	6,352,452 34
Hotel and Mdse. Division sales in Philadelphia	32,415,870 95	33,817,566 51	33,662,750 13	33,045,776 99	31,382,018 58
(see footnote)	21,831,044 95	21,802,541 51	21,305,355 13	22,770,786 99	21,362,617 58

Note: Sales of Merchandising Division included herein are on a calendar year basis. Because of the nature of our Hotel and Merchandising activities, no accurate record is maintained of the geographic source of sales.

[fol. 6334] DEFENDANTS' EXHIBIT 1

## Monthly Review of Credit and Business Conditions

Federal Reserve Bank of New York

Volume 39.

May 1957.

No. 5.

## [fol. 6335] The Location of Business Customers of Second District Banks

There has long been general recognition of the role of the principal money market banks in providing credit and banking facilities to serve the needs of the country as a whole. That recognition usually has centered, however, on their role in meeting the residual reserve adjustments of the nation's banking system, as reserve pressures are transmitted to the principal centers through shifts in interbank balances and transfers of Federal funds. Recognition has extended, too, to the important role of the large banks in serving the national needs of the large corporations whose head offices tend to cluster in the same cities as those in which the lending banks are located. But there has never been a statistical basis for appraising the important contribution made by the large metropolitan banks to the financing of the nation's business through the granting of loans to firms which maintain head offices, as well as much of their operations, in areas located hundreds or thousands of miles away from such financial centers as New York City.

The survey of commercial loans at member banks which was conducted by the Federal Reserve System in October 1955 provided quantitative information on this subject for the first time, in addition to data on many other aspects of business borrowing. While some other findings of the survey have already been published, the information on location of borrowers is, due to processing difficulties, only

now becoming available.<sup>1</sup> Results for the Second District are analyzed in this article.

Most businesses which borrow from Second District banks are located in the same city, metropolitan area,<sup>2</sup> or county as the banks from which they receive loans, and therefore the great majority of the ~~number~~ of bank loans is made to local borrowers. But nearly half of the total ~~amount~~ of loans outstanding at Second District member banks at the time of the 1955 loan survey had been extended to borrowers outside the metropolitan area or county in which the banks were situated. Over 40 per cent of the total amount of loans went to borrowers outside the [fol. 6336] District (including 2 per cent to borrowers outside the United States).

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<sup>1</sup> The information on location of borrower for all member banks is still being processed by the Board of Governors of the Federal Reserve System. However, some figures for the Seventh District have been published by the Federal Reserve Bank of Chicago (see *Bank Loans to Business*, August 1956, and the article on "Location of Business Borrowers" in the April 1957 issue of *Business Conditions*): These data indicate that Seventh District member banks made 40 per cent of their loans to nonlocal borrowers, compared with 45 per cent for Second District banks.

<sup>2</sup> As defined by the Bureau of the Census.

Table I

Commercial Loans Made by Second District Member Banks, Classified by location of Bank and Borrower, Outstanding on October 5, 1955  
Location of lending banks in the Second Federal Reserve District

Borrower location relative to location of lending bank	Other Second District member banks									
	Central reserve New York City banks	All other Second District member banks	New York City reserve city banks	Newark, Jersey City, Paterson, and Passaic	Buffalo	Rochester	Syracuse	Albany, Schenectady, and Troy	All other locations	Total Second District
Amount of loans (in millions of dollars)										
Within same city	3,959	918	183	82	128	67	58	32	368	4,876
Outside same city but within same metropolitan area or county	406	523	18	130	28	2	6	10	329	929
Inside Second District, but not in same city, metropolitan area, or county	148	237	4	2	75	31	30	33	62	385
Outside Second District but within United States*	4,027	149	7	21	65	5	6	15	30	4,176
Outside United States	218	†	†	0	0	0	0	†	0	219
Total—all borrowers	8,758	1,827	212	235	296	105	99	91	789	10,585
Number of loans (in thousands)										
Within same city	62.5	84.9	11.3	5.6	5.2	3.0	2.6	3.0	54.1	147.5
Outside same city but within same metropolitan area or county	7.6	51.7	0.8	7.4	2.6	0.3	0.6	0.8	39.3	59.4
Inside Second District, but not in same city, metropolitan area, or county	0.9	11.5	0.1	0.1	1.0	1.2	1.9	1.6	5.6	12.4
Outside Second District but within United States*	6.7	3.0	0.3	0.4	6.2	0.1	0.1	0.1	1.8	9.7
Outside United States	0.4	‡	‡	0	0	0	0	‡	0	0.4
Total—all borrowers	78.1	157.2	12.6	13.5	9.1	1.5	5.2	5.5	100.9	229.3

Note: Details may not add to totals shown because of rounding.

\* Revised.

\* Includes loans to borrowers in United States territories.

† Less than \$500,000.

‡ Less than 50.





The sharp contrast between the number and amount of loans made to nonlocal borrowers mainly reflects the heavy volume of nonlocal lending by the central reserve New York City banks which figure so prominently in the District totals. As shown in Table I, the business loans of the eighteen central reserve New York City banks on October 5, 1955 amounted to 8.8 billion dollars—over 80 per cent of the amount held by all Second District member banks on the survey date. More than 4.2 billion dollars, or 48 per cent, of these loans went to borrowers outside the Second District. For other District banks, on the other hand, no more than 149 million dollars, or 8 per cent, of their total commercial loans were extended to borrowers outside the Second District.

The survey also indicated that more than a fifth of the commercial loans of the central reserve New York City banks involved participation through pool arrangements. In the case of reserve city and country member banks, pool participations were less prevalent and participations generally took the form of "over-line" arrangements. As was expected, the survey verified earlier impressions that the bulk of nonlocal loans is extended to the larger corporations.

#### New York City Bank Loans to Nonlocal Borrowers

At the time of the October 1955 survey, lending by the central reserve New York City banks to nonlocal borrowers amounted to 4.4 billion dollars; of which more than 4.2 billion represented loans to borrowers outside the Second District. The City banks had loans outstanding to borrowers in all but five of sixty-four major cities which were coded separately in the survey. The amount of loans to borrowers in individual cities ranged downward from 375 million dollars each for Chicago and Houston and 218 million for Los Angeles. Total loans outstanding to borrowers in seven other major cities ranged from 138 million to 89 million dollars. More than 30 per cent of their loans outside the District were made to borrowers located outside major cities.

<sup>3</sup> Detroit, 138 million; Dallas, 125 million; Philadelphia, 113 million; Baltimore, 98 million; Minneapolis, 97 million; San Francisco, 93 million; St. Louis, 89 million.

# MICROCARD

TRADE MARK



# 22

# 1672<sup>2</sup>



# 63



Table II

Commercial Loans Made by Second District Member Banks to Borrowers in Other Federal Reserve Districts, by District of Borrower Outstanding on October 5, 1955  
(Dollar amounts in millions)

Location of borrower Federal Reserve District	Central reserve New York City banks		Other Second District member banks		All Second District member banks	
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Boston	145	3.6	20	13.6	165	4.0
Philadelphia	308	7.7	29	19.4	337	8.1
Cleveland	310	7.7	5	3.2	314	7.6
Richmond	457	11.4	27	18.3	484	11.6
Atlanta	210	5.2	5	3.1	215	5.2
Chicago	716	17.9	33	22.2	749	18.0
St. Louis	148	3.7	3	2.2	151	3.6
Minneapolis	147	3.7	8	5.4	155	3.7
Kansas City	332	8.3	•	0.1	332	8.0
Dallas	685	17.1	5	3.2	690	16.6
San Francisco	554	13.8	14	9.5	568	13.6
Total—all borrowers	4,012	100.0	149	100.0	4,161	100.0

Note: Details may not add to totals shown because of rounding.  
• Less than \$500,000.

An idea of the flow of funds to various sections of the country from the Second District (mainly originating with the New York City banks) can be obtained from Table II, in which loans are classified by the Federal Reserve District in which the borrower was located.<sup>4</sup> The Districts receiving the largest shares were the Chicago District with 18 per cent of the total, Dallas with only slightly less, and San Francisco with 14 per cent.

The role of the central reserve New York City banks in the national market was even greater than these figures suggest since many national concerns have headquarters in New York City, and although they may disburse their borrowed funds in other parts of the country, loans to such businesses were classified for purposes of the survey as loans to local borrowers. The extent to which local loans are made to concerns doing a nation-wide business cannot be accurately determined but a partial indication is the fact that on the books of the central reserve New York City

<sup>4</sup> Undoubtedly, some Second District businesses borrowed from banks in other parts of the country, but figures on these loans are not yet available, so no net interdistrict flow can be computed.

banks on the survey date were 814 loans of 1 million dollars or more which had been made to borrowers in the New York metropolitan area. These loans amounted to 2.2 billion dollars, or a quarter of all business loans made by the money market banks.

The central reserve New York City banks were responsible for virtually all of the 219 million dollars of business loans made to borrowers outside the United States by Second District banks. Borrowers in Latin American countries accounted for nearly 45 per cent of the amount of loans outstanding to foreign borrowers on the survey date (of which 10 per cent went to Mexico), and another third was held by continental Western European countries. Japan and Canada were next in line with 8 per cent and 5 per cent, respectively, while borrowers in the United Kingdom and other sterling-area countries together had 4 per cent.

#### Nonlocal Loans by Other Second District Banks

Loans of other Second District banks tended to be concentrated much nearer home than those of the money market banks (see the accompanying chart). Nearly 80 per cent of the total amount of loans outstanding at the other banks in the Second District had been made to borrowers in the same city, county or metropolitan area as the lending bank, [fol. 6337] compared with 50 per cent for the central reserve banks. Only 8 per cent of the business loans of other Second District banks went to borrowers outside the District, in contrast to 48 per cent for the big New York City banks. But the percentage of loans made by other Second District banks to borrowers within the District but outside their own metropolitan areas was larger than for the central reserve New York City banks (13 per cent, compared with 2 per cent).

The loan pattern, however, varied somewhat from city to city. The reserve city and country banks located in the major cities of the New York metropolitan area for which separate figures were obtained, i.e., New York City, Newark, Jersey City, Paterson, and Passaic, concentrated their lending operations in their local area to a greater degree than banks in other major cities in the District. Over 90 per cent of the amount of these loans outstanding on the survey date, or 413 million dollars, had been made to local



borrowers; only 6 million had been made to borrowers elsewhere in the District and 28 million to borrowers in other parts of the country. This pattern was also typical of banks in the smaller cities and towns and rural areas of the District.

For banks in Rochester and in Syracuse, on the other hand, local borrowers accounted for somewhat less than two thirds of the total amount of their loans outstanding, and for banks in Buffalo and in the Albany, Schenectady, and Troy area, local borrowers accounted for only about half of the outstanding amount of business loans. Most of the remainder of the loans at Rochester and Syracuse banks went to borrowers in other parts of this District. But roughly a fifth of the outstanding loans of the Buffalo and capital-area banks had been extended to borrowers outside the District.

Table III

Commercial Loans, Made by Second District Member Banks by Kind of Participation and Location of Borrower Outstanding on October 5, 1935

Per cent distribution of amount of loans

Borrower location relative to location of lending bank	All Second District member banks	Central reserve New York City banks	Other member banks in New York City	Member banks in other major cities*	All other member banks in Second District
<b>All locations:</b>					
No bank participation	74.7	71.1	98.1	88.2	94.0
Excess or overline participation initiated by lending bank	2.1	2.0	0.7	3.2	2.7
Excess or overline participation initiated by another bank	4.4	4.5	1.2	5.7	2.6
Pool-type participation	18.8	22.4	0	2.9	0.7
Total	100.0	100.0	100.0	100.0	100.0
<b>Within same city, metropolitan area, or county:</b>					
No bank participation	83.9	80.4	98.0	93.2	95.0
Excess or overline participation initiated by lending bank	2.5	2.3	0.8	4.0	2.8
Excess or overline participation initiated by another bank	2.0	2.1	1.3	1.9	1.7
Pool-type participation	11.6	15.2	0	0.9	0.6
Total	100.0	100.0	100.0	100.0	100.0
<b>Inside Second District but not in same city, metropolitan area, or county:</b>					
No bank participation	78.1	76.0	100.0	75.2	89.6
Excess or overline participation initiated by lending bank	1.3	0	0	2.2	2.0
Excess or overline participation initiated by another bank	10.8	8.6	0	14.1	7.5
Pool-type participation	9.8	15.4	0	8.5	0.9
Total	100.0	100.0	100.0†	100.0	100.0
<b>Outside Second District:‡</b>					
No bank participation	62.2	61.4	100.0	83.3	81.0
Excess or overline participation initiated by lending bank	1.7	1.7	0	1.1	1.7
Excess or overline participation initiated by another bank	7.0	6.9	0	11.3	13.0
Pool-type participation	29.1	30.0	0	4.3	4.2
Total	100.0	100.0‡	100.0†	100.0	100.0

Note: Details may not add to totals shown because of rounding.

\* Including Newark, Jersey City, Paterson, Passaic, Buffalo, Rochester, Syracuse, Albany, Schenectady, and Troy.

† Less than 10 million dollars of loans.

‡ For central reserve New York City banks this includes 218 million dollars of loans to borrowers outside the United States, distributed as follows: No bank participation, 88.1 per cent; excess or overline participation initiated by lending bank, 1.4 per cent; excess or overline participation initiated by another bank, 1.5 per cent; pool-type participation, 9.0 per cent.

# COMMERCIAL LOANS MADE BY CENTRAL RESERVE NEW YORK CITY BANKS AND OTHER SECOND DISTRICT MEMBER BANKS BY LOCATION OF BORROWER

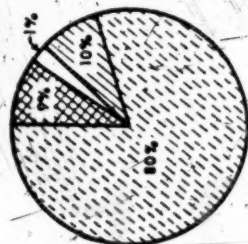
October 5, 1955

Borrower location:

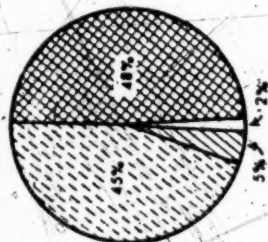


## CENTRAL RESERVE NEW YORK CITY BANKS

Number of loans

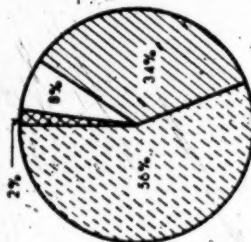


Amount of loans

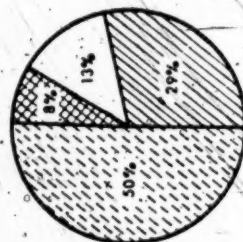


## OTHER SECOND DISTRICT MEMBER BANKS

Number of loans



Amount of loans



\* Including loans to borrowers domiciled outside the United States.

[fol. 6338]

## Participated Loans

Banks who wish to participate, with other banks, those customer requests for loans, which are larger than they can or wish to handle alone, usually do so in one of two ways. The first is a pool-type arrangement in which two or more banks share a loan; in their negotiations with the borrower the participating banks may operate through a syndicate leader or they may jointly or separately work out the loan details with the borrower. This method is most often used by large banks in connection with loans to large borrowers. The second is an excess or "over-line" arrangement in which the initiating bank offers another bank that part of a loan which exceeds the bank's legal limit for loans to a single customer, or which exceeds the line of credit which the bank wishes to extend to the customer concerned.

Participated loans accounted for about one quarter of the total amount of loans outstanding at Second District member banks in October 1955 (see Table III), pool loans for 19 per cent, and excess loans for 6 per cent.<sup>5</sup> Nearly all pool participations were made by the central reserve New York City banks. The proportion of their loans in this form ranged from about 15 per cent of their loans to borrowers within the Second District to 30 per cent of their loans to borrowers outside this District. Over-line credits, on the other hand, were found in banks throughout the District. About 4.5 per cent of all business loans of the central reserve banks were derived from over-line loan arrangements initiated by other banks.

<sup>5</sup> Accommodation loans are included in the figures for pool loans; a loan to a railroad in which the lending bank agrees to give certain banks along the right of way a portion of the loan is an example of an accommodation loan.

TABLE IV.

Commercial Loans Made by Second District Member Banks to Nonlocal Borrowers As a Per Cent of the Banks' Total Loans to Specified Types and Sizes of Borrowers, Amount Outstanding on October 5, 1955

Business of borrower	Less than \$50	\$50-250	Asset-size of borrower (in thousands)					\$100,000 and over	All borrowers
			\$250-1,000	\$1,000-5,000	\$5,000-25,000	\$25,000-100,000			
			Central reserve New York City banks						
Manufacturing and mining—total:	8	4	10	29	57	68	58	51	
Food, liquor, and tobacco:	•	•	9	28	72	79	44	56	
Textiles, apparel, and leather:	1	3	5	22	32	44	74	30	
Metals and metal products:	•	4	6	36	52	57	54	49	
Petroleum, coal, chemicals, and rubber:	•	•	61	59	80	77	66	73	
All other manufacturing and mining:	•	3	8	21	32	54	43	31	
Trade—total:	4	3	9	27	35	70	76	38	
Wholesale trade:	1	1	3	25	26	90	5	19	
Retail trade:	7	•	4	17	42	58	66	41	
Commodity dealers:	•	•	48	54	37	73	95	67	
Other—total:	13	16	34	47	55	63	59	54	
Sales finance companies:	•	•	17	33	54	66	66	61	
Transportation, communication, and other public utilities:	•	•	62	62	63	82	59	64	
Construction:	•	11	10	18	45	63	•	32	
Real estate:	•	18	39	62	74	76	•	58	
Service firms:	14	9	15	66	31	13	6	23	
All other borrowers:	1	9	39	17	23	37	44	26	
Total—all borrowers:	9	7	16	35	53	67	60	50	



Other Second District member banks									
7	10	17	31	46	37	87	29		
•	•	36	72	•	•	•	58		
•	2	25	35	•	•	•	20		
•	11	8	14	56	•	81	28		
•	12	•	72	•	8	•	29		
•	•	13	23	74	•	•	22		
10	12	9	9	19	•	75	12		
6	10	10	3	•	•	•	8		
11	12	9	17	23	•	75	14		
•	•	•	•	•	•	•	19		
11	9	13	22	28	63	75	23		
•	•	•	40	•	•	99	69		
•	18	38	•	23	48	59	41		
14	10	9	17	•	•	•	11		
6	6	7	21	39	•	•	13		
13	9	18	8	•	•	9	13		
7	6	7	•	•	•	•	9		
10	10	13	24	35	44	78	22		

Manufacturing and mining—total:  
 Food, liquor, and tobacco.....  
 Textiles, apparel, and leather.....  
 Metals and metal products.....  
 Petroleum, coal, chemicals, and rubber.....  
 All other manufacturing and mining.....

Trade—total:  
 Wholesale trade.....  
 Retail trade.....  
 Commodity dealers.....

Other—total:  
 Sales finance companies.....  
 Transportation, communication, and other public utilities.....  
 Construction.....  
 Real estate.....  
 Service firms.....  
 All other borrowers.....

Total—all borrowers.....

\* Less than 10-million dollars of loans.  
 † Less than 0.5 per cent.

### [fol. 6339] Nonlocal Loans by Asset-Size of Borrower and Type of Business

The percentage of loans to nonlocal borrowers generally increased with the asset-size of the borrow. For the central reserve banks only 9 per cent of the total amount of loans outstanding on the survey date to borrowers with assets of \$50,000 or less had been made to customers outside the New York metropolitan area. As Table IV indicates, the proportion of out-of-town loans to total loans by size classes increased from 9 per cent until it reached a maximum of 67 per cent for business with assets of from 25 million to 100 million dollars. But it decreased to 60 per cent for loans to borrowers with assets of 100 million dollars or more. This decline in the percentage of loans made to nonlocal companies in the largest asset class—which occurred in a number of industry categories—is probably explained by a fact mentioned earlier: that many of the largest firms have national headquarters in New York City. Loans to these firms were classified as loans to borrowers within the New York metropolitan area.

In the case of the central reserve New York City banks, nonlocal loan percentages were relatively high in most industry classifications, with the notable exceptions of wholesale trade, textile, apparel, and leather firms, construction, and service firms. For other Second District member banks, the table indicates that there were only three industry categories in which more than two fifths of all loans were made to borrowers outside the banks' own metropolitan areas or counties; these were food, liquor, and tobacco manufacturers; sales finance companies; and transportation, communication, and other public utilities.

### Commercial Loan Survey

In July the Bank will publish a pamphlet combining all the articles that have appeared in the *Monthly Review* on the 1955 commercial loan survey and some supplemental statistical data. Requests for copies of this pamphlet may be addressed to the Publication Division, Federal Reserve Bank of New York 45, N. Y. Requests will be filled as soon as the pamphlet is available.

[fol. 6340]

## DEFENDANTS' EXHIBIT 3

TABLE 10.—Business loans of member banks, October 1955 and October 1957, by size of bank and relative size of borrower<sup>1</sup>

Relative size of borrower	Size of bank (total deposits in millions)						Percentage change, 1955-57		
	All banks			Under \$20			Size of bank (deposits in millions)		
	1955			1957			\$20 to \$100		
	1955	1957	1955	1957	1955	1957	1955	1957	over
Amount (millions of dollars)									
Small.....	6,327	7,001	1,254	1,328	1,371	1,546	3,703	4,127	+10.6
Medium.....	13,835	17,706	1,281	1,594	2,106	2,665	10,447	13,447	+28.0
Large.....	9,760	14,704	88	104	495	649	9,176	13,951	+50.7
All sizes <sup>2</sup> .....	30,805	40,618	2,708	3,101	4,087	5,015	24,009	32,501	+31.9
Number (in thousands)									
Small.....	685.5	714.4	302.5	328.5	150.8	162.3	232.2	266.7	+14.2
Medium.....	391.3	480.8	140.1	159.1	99.4	132.2	151.7	189.5	+22.9
Large.....	26.4	34.7	2.6	3.1	5.5	7.4	18.3	24.3	+31.4
All sizes <sup>2</sup> .....	1,185.2	1,280.6	405.3	458.8	269.5	315.3	450.4	506.5	+8.0
Amount									
Small.....									+5.9
Medium.....									+24.4
Large.....									+17.7
All sizes <sup>2</sup> .....									+14.5
Number									
Small.....									-5.7
Medium.....									+13.5
Large.....									+13.3
All sizes <sup>2</sup> .....									-1.4

<sup>1</sup> The total asset size used to classify various types of business as relatively small, medium, or large is given in survey II, appendix A.

<sup>2</sup> Includes a small amount of loans for which size of borrower was not ascertained.

Note.—Details may not add to totals because of rounding.

[fol. 6341]

## DEFENDANTS' EXHIBIT 10

GIRARD TRUST CORN EXCHANGE BANK  
Philadelphia, Pa.

Distances from all Philadelphia National Offices to the Nearest Girard Trust Corn Exchange Office

The Philadelphia National Bank  
Philadelphia

Main Office  
 421 Chestnut Street  
 35 South 9th Street  
 Three Penn Center Plaza  
 3131 Market Street  
 Front & Norris Streets  
 Castor & Erie Avenues  
 Front St. & Allegheny Ave.  
 Allegheny & Kensington Avenues  
 7th & Dauphin Streets  
 Roosevelt Boulevard & Holme Avenue

Delaware County

6914 Market Street, Upper Darby

Kedron St. & McDade Boulevard  
 5th & Market Streets, Chester  
 11th & Madison St., Chester  
 10th & Market St., Marcus Hook

## Girard Trust Corn Exchange Bank

Main Office  
 2nd & Chestnut Streets  
 3rd & Arch Streets  
 Suburban Station  
 Suburban Station  
 Germantown & Lehigh Avenues  
 Torresdale Ave. & Orthodox St.  
 Germantown & Lehigh Avenues  
 Germantown & Lehigh Avenues  
 Germantown & Lehigh Avenues  
 Frankford Ave. & Cottman St.

Distance

Nominal (Center City)  
 Nominal (Center City)  
 $\frac{1}{2}$  mile (Center City)  
 Nominal (Center City)  
 1 mile  
 1  $\frac{1}{4}$  miles  
 1 mile  
 $\frac{1}{8}$  mile  
 1  $\frac{1}{4}$  miles  
 $\frac{1}{8}$  mile  
 2 miles

Nominal

2  $\frac{1}{4}$  miles  
 6  $\frac{3}{4}$  miles  
 5  $\frac{1}{4}$  miles  
 9  $\frac{1}{2}$  miles

6910 Market Street  
 PTC Terminal  
 Upper Darby Drive-In

Baltimore Pike & Oak Avenue  
 Baltimore Pike & Oak Avenue  
 Baltimore Pike & Oak Avenue  
 Baltimore Pike & Oak Avenue

## Montgomery County

75 St. James Place, Ardmore  
 5th & Fayette Sts., Conshohocken  
 South York Road, Hathoro  
 West Main Street, Lansdale  
 110 West Main Street, Norristown  
 401 High Street, Pottstown  
 Route 363 & Ridge Pike, Lower Providence

## Bucks County

200 Radcliffe St., Bristol  
 Levittown Shopping Center  
 Midway Shopping Center, Levittown  
 689 Second Street Pike, Southampton  
 10 South Main Street, Yardley

R.C. Allen  
 6/23/61

18 East Wynnewood Road, Wynnewood  
 18 East Wynnewood Road, Wynnewood  
 Fort Washington Industrial Park  
 Butler Avenue & Spring Garden, Ambler  
 Butler Avenue & Spring Garden, Ambler  
 3533 West Chester Pike, Newtown Square  
 Butler Avenue & Spring Garden, Ambler

Comly Road & Roosevelt Boulevard  
 Comly Road & Roosevelt Boulevard  
 Comly Road & Roosevelt Boulevard  
 Comly Road & Roosevelt Boulevard  
 Comly Road & Roosevelt Boulevard

1 mile  
 5½ miles  
 6¼ miles  
 8 miles  
 7½ miles  
 22½ miles  
 9½ miles

8 miles  
 10 miles  
 6½ miles  
 5¾ miles  
 12½ miles



[fol. 6342]

## DEPENDANTS' EXHIBIT 11

GIRARD TRUST CORN EXCHANGE BANK  
Philadelphia, Pa.Distances from All Girard Trust Corn Exchange Offices to the Nearest Philadelphia National Office  
The Philadelphia National Bank

Distances from All Girard Trust Corn Exchange Bank Philadelphia	Distances from All Girard Trust Corn Exchange Offices to the Nearest Philadelphia National Office The Philadelphia National Bank	Distance
Main Office	Main Office	Nominal (Center City)
2nd & Chestnut Streets	421 Chestnut Street	Nominal (Center City)
3rd & Arch Streets	421 Chestnut Street	Nominal (Center City)
Suburban Station	Three Penn Center Plaza	Nominal (Center City)
Roosevelt Boulevard & Comly Road	Roosevelt Boulevard & Holme Avenue	Nominal (Center City)
Kirkbridge, Ash & Thompson Streets	Erie and Castor Avenues	3 3/4 miles
Rising Sun & Cottman Avenues	Roosevelt Boulevard & Holme Avenue	1 1/4 miles
4700 Frankford Avenue	Erie and Castor Avenues	2 1/4 miles
5500 Germantown Avenue	Roosevelt Boulevard & Holme Avenue	1 1/4 miles
Germantown & Lehigh Avenues	Front Street & Allegheny Avenue	3 1/2 miles
Frankford Avenue & Cottman Street	7th and Dauphin Streets	5/8 mile
Broad Street & Erie Avenue	Roosevelt Boulevard & Holme Avenue	2 miles
Torresdale Ave. & Orthodox Street	Front Street & Allegheny Avenue	1 1/4 miles
427 North Sixty-Third Street	Erie and Castor Avenues	1 mile
23rd and Passyunk Avenue	6914 Market Street	1 mile
12th & Spring Garden Streets	Broad and Chestnut Streets	2 1/4 miles
Stenton Avenue & Washington Lane	Broad and Chestnut Streets	3/4 mile
22nd and Indiana Streets	Front Street & Allegheny Avenue	4 1/2 miles
72nd and Ogontz Avenue	7th and Dauphin Streets	1 1/2 miles
60th and Ludlow Streets	Front Street & Allegheny Avenue	4 1/2 miles
Torresdale Avenue & Howell Street	6914 Market Street	1 1/4 miles
	Erie and Castor Avenues	2 1/4 miles

# Montgomery County

Haverford Avenue & Essex Road, Narberth  
 Bala and City Line Avenues, Bala-Cynwyd  
 18 East Wynnewood Road, Wynnewood  
 Butler Pike & Spring Garden Street, Ambler  
 Bethlehem Pike & Wissahickon Avenue, Flourtown  
 Fort Washington Industrial Park

## Delaware County

6910 Market Street, Upper Darby  
 P. T. C. Terminal, Upper Darby  
 Drive-In, Upper Darby  
 West Chester Pike & Summit Avenue, Broomall  
 Fernie Boulevard & Burmont Road, Drexel Hill  
 Darby Road, near Mill Road, Havertown  
 Lawrence & Sproul Roads, Lawrence Pk.  
 Manoa Shopping Center, Manoa  
 3533 West Chester Pike, Newtown Sq.  
 Baltimore Pike & Oak Ave, Penn Oak  
 1021 Pontiac Rd., Pilgrim Gardens  
 712 Church Lane, Yeadon

R. C. Allen  
 6/26/61

75 St. James Place, Ardmore  
 75 St. James Place, Ardmore  
 75 St. James Place, Ardmore  
 110 West Main Street, Norristown  
 5th and Fayette Streets, Conshohocken  
 South York Road, Hatboro

1 1/4 miles  
 3 1/4 miles  
 1 mile  
 7 1/2 miles  
 5 1/2 miles  
 6 1/4 miles

6914 Market Street, Upper Darby  
 6914 Market Street, Upper Darby  
 6914 Market Street, Upper Darby  
 75 St. James Place, Ardmore  
 6914 Market Street, Upper Darby  
 75 St. James Place, Ardmore  
 6914 Market Street, Upper Darby  
 6914 Market Street, Upper Darby  
 75 St. James Place, Ardmore  
 Kedron & McDade Blvd., Ridley Twnshp.  
 6914 Market Street, Upper Darby  
 6914 Market Street, Upper Darby

Nominal  
 Nominal  
 Nominal  
 4 1/2 miles  
 2 1/2 miles  
 2 1/4 miles  
 3 miles  
 3 miles  
 6 1/2 miles  
 2 1/4 miles  
 3 1/4 miles  
 2 miles

[fol. 6343]

## DEFENDANTS' EXHIBIT 12

## The Philadelphia National Bank

List of each of its offices, giving each office of a competing institution located within a radius of one mile for each Philadelphia National city office and within a radius of two miles for each Philadelphia National suburban office.

[fol. 6344] GIRARD TRUST CORN EXCHANGE BANK  
Philadelphia, Pa.

Philadelphia National Main Office  
Broad & Chestnut Streets

## Main Offices of all Major Philadelphia Commercial Banks.

Broad Street Trust Company  
336 Market Street  
8th & Christian Streets

Central Penn National Bank  
1716 Arch Street  
21 South 12th Street  
7th & Chestnut Streets

Citizens & Southern Bank & Trust Co.  
20th & Chestnut Streets

Fidelity-Philadelphia Trust Company  
5th & Chestnut Streets  
18th & Walnut Streets  
251 South 24th Street

First Camden National Bank  
3rd & Market Streets

First Pennsylvania Banking & Trust Co., The  
S.W. Cor. 15th & Chestnut Streets  
Reading Terminal  
6th & Chestnut Streets  
315 Chestnut Street  
5th & Bainbridge Streets  
17th & Pennsylvania Boulevard

Girard Trust Corn Exchange Bank  
 Suburban Station  
 12th & Spring Garden Streets

Industrial Trust Company  
 1518 Walnut Streets  
 1015 Chestnut Street

Liberty Real Estate Bank & Trust Co.  
 15th & Sansom Streets

Provident Tradesmens Bank & Trust Co.  
 17th & Chestnut Streets  
 12th & Chestnut Streets  
 4th & Chestnut Streets  
 Juniper & Market Streets

[fol. 6345] Main Offices of all Philadelphia Mutual Savings Banks (except Germantown Mutual Savings Fund).

Beneficial Mutual Savings Bank  
 33 South 16th Street

Philadelphia Saving Fund Society  
 7th & Walnut Streets  
 15th & Market Streets

Western Saving Fund Society  
 Suburban Station

James W. Baird Savings & Loan  
 32 South 18th Street

Benjamin Franklin Federal Savings & Loan  
 1624 Chestnut Street

Cayuga Federal Savings & Loan  
 13th & Sansom Streets

Colonial Federal Savings & Loan  
 1326 Walnut Street

Continental Savings & Loan  
 112 South 19th Street

Edmunds-Bouvier Savings & Loan  
 1829 Chestnut Street

3014

First Federal Savings and Loan of Philadelphia  
424 South 4th Street

First Federal Savings of Philadelphia  
16th & Pennsylvania Boulevard

Italian Merchants Savings & Loan  
1022 Catherine Street

Liberty Federal Savings & Loan  
202 North Broad Street

Mid-City Federal Savings & Loan  
15th & Locust Streets

Penn Federal Savings & Loan  
1627 Walnut Street

Philadelphia Federal Savings & Loan  
1619 Chestnut Street

[fol. 6346] Prudential Federal Savings & Loan Association  
2015 Chestnut Street

Public Federal Savings & Loan Association  
7th & Chestnut Streets

Quaker City Federal Savings & Loan  
35 South 16th Street

Second Federal Savings & Loan  
1727 Chestnut Street

Stephen Girard Savings & Loan  
N.W. Cor. Juniper & Walnut Streets

Walnut Street Federal Savings & Loan  
1705 Walnut Street

Philadelphia National Downtown Office  
421 Chestnut Street

Beneficial Mutual Savings Bank  
12th & Chestnut Streets

Broad Street Trust Company  
336 Market Street  
8th & Christian Streets



Central Penn National Bank  
 2nd & Pine Streets  
 21 South 12th Street  
 7th & Chestnut Streets

Fidelity-Philadelphia Trust Company  
 5th & Chestnut Streets

First Camden National Bank & Trust Co.  
 3rd & Market Streets

First Pennsylvania Banking & Trust Co.  
 6th & Chestnut Streets  
 Reading Terminal  
 315 Chestnut Street  
 5th & Bainbridge Streets

First Federal Savings & Loan of South Philadelphia  
 424 South 4th Street

Girard Trust Corn Exchange Bank  
 2nd & Chestnut Streets  
 3rd & Arch Streets

[fol. 6347] Industrial Trust Company  
 1015 Chestnut Street

Philadelphia Savings Fund Society  
 7th & Walnut Streets  
 12th & Market Streets

Provident Tradesmens Bank & Trust Company  
 4th & Chestnut Streets  
 6th & Spring Garden Streets  
 12th & Chestnut Streets

Public Federal Savings & Loan  
 7th & Chestnut Streets

Philadelphia National Gimbel Office  
 35 South Ninth Street

**Main Offices of all Major Philadelphia Commercial Banks.**

Beneficial Mutual Savings Bank  
 12th & Chestnut Streets

**Broad Street Trust Company**

336 Market Street

8th &amp; Christian Streets

**Central Penn National Bank**

21 South 12th Street

7th &amp; Chestnut Streets

2nd &amp; Pine Streets

**Fidelity-Philadelphia Trust Company**

5th &amp; Chestnut Streets

**First Federal Savings & Loan of South Philadelphia**

424 South 4th Street

**First Pennsylvania Banking & Trust Co., The**

6th &amp; Chestnut Streets

Reading Terminal

5th &amp; Bainbridge Streets

315 Chestnut Street

**Girard Trust Corn Exchange Bank**

2nd &amp; Chestnut Streets

3rd &amp; Arch Streets

**Industrial Trust Company**

1015 Chestnut Street

**[fol. 6348] Philadelphia Savings Fund Society**

7th &amp; Walnut Streets

**Provident Tradesmens Bank & Trust Company**

12th &amp; Chestnut Streets

6th &amp; Spring Garden Streets

4th &amp; Chestnut Streets

**Public Federal Savings & Loan**

7th &amp; Chestnut Streets

**Philadelphia National Penn Center Office**  
**Three Penn Center Plaza**

See banks and financial institutions listed under the  
**Broad & Chestnut Streets** location of Philadelphia Na-  
tional's main office.

**Philadelphia National 3131 Market Street Office**

**Broad Street Trust Company**  
2200 Benjamin Franklin Parkway  
39th & Lancaster Avenue

**First Pennsylvania Banking & Trust Co., The**  
32nd & Market Streets

**Philadelphia Saving Fund Society**  
Pennsylvania Railroad 30th Street Station

**Philadelphia National Upper Darby Office**  
6912 Market Street

**Bell Savings & Loan Association**  
6930 Market Street  
7578 Haverford Avenue

**Beneficial Mutual Savings Bank**  
7622 City Line Avenue

**Broad Street Trust Company**  
7508 Haverford Avenue

**Central Penn National Bank**  
60th & Lansdowne Avenue

**Fidelity-Philadelphia Trust Company**  
Baltimore Pike & Lansdowne Avenue  
Marshall Road & Lansdowne Avenue  
7636 City Line Avenue

[fol. 6349] **First Pennsylvania Banking & Trust Co., The**  
18 Garrett Road, Upper Darby

**Girard Trust Corn Exchange Bank**  
6910 Market Street  
PTC Terminal  
Drive-In at Glendale & Ludlow  
427 North 63rd Street  
60th & Ludlow Streets

Greater Delaware Valley Savings & Loan  
69th & Walnut Streets

Liberty Real Estate Bank & Trust Co.  
49 South 69th Street

West Philadelphia Federal Savings & Loan  
7584 Haverford Avenue  
5525 Chestnut Street

Western Saving Fund Society  
6920 Market Street

Philadelphia National Front Street Office  
Front & Norris Streets

First Pennsylvania Banking & Trust Co., The  
Frankford & Girard Avenues

Front & Huntingdon Savings & Loan  
Front & Huntingdon Streets

Industrial Trust Company  
1944 North Front Street  
Kensington & Huntington  
136 West Girard Avenue

Our Home Savings & Loan  
2651 Kensington Avenue

John B. Stetson Savings & Loan  
1854 Germantown Avenue

Western Saving Fund Society  
Front & York Streets

Philadelphia National Allegheny Office  
Allegheny & Kensington Avenues

Aramingo Savings & Loan Association  
1900 East Allegheny Avenue

Beneficial Mutual Savings Fund  
826 East Allegheny Avenue

[fol. 6350] City Savings & Loan  
3505 Kensington Avenue

East Indiana Savings & Loan  
721 East Allegheny Avenue

First Pennsylvania Banking & Trust Co., The  
Kensington & Allegheny Avenues

Front & Huntingdon Savings & Loan Association  
Front & Huntingdon Streets

Industrial Trust Company  
Kensington & Huntingdon Avenues

Northeast Federal Savings & Loan  
1841 East Allegheny Avenue

Our Home Savings & Loan Association  
2651 Kensington Avenue

Provident Tradesmens Bank & Trust Company  
Erie & "I" Street

Philadelphia National Erie Office  
Erie & Castor Avenues

City Savings & Loan Association  
3505 Kensington Avenue

Frankford Trust Company  
Frankford Avenue & Unity Street

Provident Tradesmens Bank & Trust Company  
Erie Avenue & "I" Street

Second National Bank  
4356 Frankford Avenue

Third Federal Savings & Loan  
4625 Frankford Avenue

Philadelphia National Fairhill Office  
Front & Allegheny Avenue

Beneficial Mutual Savings Bank  
826 East Allegheny Avenue

Capital Savings & Loan Association  
3116 North Front Street



[fol. 6351] First Pennsylvania Banking & Trust Co., The  
6th Street & Erie Avenue  
Kensington & Allegheny Avenues

Forward Savings & Loan Association  
6th Street & Erie Avenue

Front & Huntingdon Savings & Loan  
Front & Huntingdon Streets

Industrial Trust Company  
Kensington Avenue & Huntingdon

Northeast Federal Savings & Loan  
1841 East Allegheny Avenue

Our Home Savings & Loan  
2651 Kensington Avenue

Western Saving Fund Society  
Front & York Streets

Philadelphia National Northern Office  
Seventh & Dauphin Streets

Central Penn National Bank  
Broad & Glenwood Streets

East Girard Savings & Loan  
1500 East Susquehanna Avenue

First Pennsylvania Banking & Trust Co., The  
1006 Lehigh Avenue

Front & Huntingdon Savings & Loan Association  
Front & Huntingdon Streets

Girard Trust Corn Exchange Bank  
2721 Germantown Avenue

Home Unity Savings & Loan Association  
2513 Germantown Avenue

Industrial Trust Company  
Front & Norris Streets  
Kensington Avenue & Huntingdon Street

North Phila. Federal Savings & Loan  
1019 West Lehigh Avenue

Our Home Savings & Loan  
2651 Kensington Avenue

Philadelphia Saving Fund Society  
11th Street & Lehigh Avenue

[fol. 6352]. John B. Stetson Savings & Loan  
1854 Germantown Avenue

Western Saving Fund Society  
Front & York Streets

Philadelphia National Pennypack Office  
Roosevelt Boulevard & Holme Avenue

Fidelity-Philadelphia Trust Company  
Welsh Road & Roosevelt Boulevard

Liberty Real Estate Bank & Trust Co.  
8344 Bustleton Avenue

Western Saving Fund Society  
Welsh Road & Roosevelt Boulevard

Philadelphia National Bristol Office  
200 Radcliffe Street

Burlington Bank & Trust Company  
324 High Street, Burlington, New Jersey

Burlington County Savings & Loan  
309 Warren Street, Burlington, New Jersey

Burlington Savings Bank  
332 High Street, Burlington, New Jersey

City of Burlington Loan & Building Association  
18 East Broad Street, Burlington, New Jersey

Farmers & Mechanics Savings & Loan  
352 High Street, Burlington, New Jersey

Fidelity-Philadelphia Trust Company  
244 Radcliffe Street

Fidelity Savings & Loan Association of Bucks County  
237 Radcliffe Street

First Federal Bucks County  
118 Mill Street

Mechanics National Bank of Burlington  
High & Broad Street, Burlington, New Jersey

Philadelphia National Levittown Office  
Levittown Shopping Center

Fidelity-Philadelphia Trust Company  
Newportville & Falsington Road, Levittown

[fol. 6353]. First Federal Bucks County  
737 Shopping Center

First Pennsylvania Banking & Trust Company, The  
Levittown Parkway & Bristol Pike

Mechanics National Bank of Burlington  
Florence, Mansfield Township, New Jersey

Western Saving Fund Society  
713-15 Shopping Center

William Penn Savings & Loan Association  
Tullytown

Philadelphia National Midway Office  
Midway Shopping Center, Levittown

Central Penn National Bank  
U.S. #1 & Hulmeville Road, Pendel

Fidelity-Philadelphia Trust Company  
Newportville & Falsington Road, Levittown

Philadelphia National Southampton Office  
689 Second Street Pike

First Pennsylvania Banking & Trust Co., The  
255 East County Line Road, Warminster

Northeast Federal Savings & Loan  
Street Road & Cybus Way, Upper Southampton

Philadelphia National Yardley Office  
10 South Main Street

First Trenton National Bank, The  
Pennington & Olden Street, Ewing, New Jersey

Yardley Savings & Loan Association  
95 South Main Street, Yardley

Philadelphia National Chester-Cambridge Office  
5th & Market Streets

Delaware County National Bank  
4th & Market Streets  
15th & West 4th Streets  
Radio Park Lane & Middleton Road

[fol. 6354] Fidelity-Philadelphia Trust Company  
9th & Engle Streets  
5th & Market Streets

First Federal Savings of Chester  
23 East 5th Street, Chester

Philadelphia National Madison Street Office  
11th & Madison Streets

See banks and financial institutions listed under Chester-Cambridge Office of Philadelphia National Bank.

also: Fidelity-Philadelphia Trust Company  
McDade Boulevard & Fairview Road

Philadelphia National Marcus Hook Office  
10th & Market Streets

Fidelity-Philadelphia Trust Company  
10th & Market Streets, Marcus Hook  
9th & Engle Streets, Chester

Philadelphia National Ardmore Office  
75 St. James Place, Suburban Square

Bryn Mawr Trust Company  
Bryn Mawr & Lancaster Avenues  
Station Road & Lancaster Avenue

First Pennsylvania Banking & Trust Co., The  
Pennsylvania Railroad Station—Inbound  
East Lancaster Road

Girard Trust Corn Exchange Bank  
Haverford Avenue & Essex Road, Narbeth  
18 East Wynnewood Road, Wynnewood

Lower Merion Federal Savings  
44 East Lancaster Avenue

Philadelphia Saving Fund Society  
46 St. Georges Road, Ardmore

Philadelphia National Conshohocken Office  
5th & Fayette Streets

Conshohocken Federal Savings  
Fayette Street at Second Avenue  
Ridge & Butler Pikes, Plymouth Meeting

First Pennsylvania Banking & Trust Co., The  
Ridge & Butler Pikes, Plymouth Meeting

[fol. 6355] Philadelphia National Hatboro Office  
South York Road

Bank of Old York Road  
Willow Grove

Doylestown National Bank & Trust Company  
Street & York Roads, Warminster

First Pennsylvania Banking & Trust Co., The  
255 East County Line Road, Warminster

Hatboro Federal Savings & Loan  
221 South York Road

Willow Grove Federal Savings & Loan  
81 North Old York Road

Philadelphia National Lansdale Office  
West Main Street

Bank of Old York Road  
Route 463 & Bethlehem Pike

First Federal Savings of Lansdale  
412 West Main Street, Lansdale

Montgomery County Bank & Trust Company  
501 North Broad Street  
114 North Main Street, North Wales

Peoples of North Wales Federal Savings & Loan  
115 South Main Street



Philadelphia National Montgomery Office  
110 West Main Street, Norristown

Bridgeport National Bank  
Swedesford Road

Montgomery County Bank & Trust Company  
Main & Swede Streets  
510 West Marshall Street  
Main & Hill Streets  
Markley & Johnson Streets  
Valley Forge Shopping Center, King of Prussia  
Norristown Federal Savings  
104 West Main Street

[fol. 6356] Peoples National Bank of Norristown  
Main & Swede Streets  
Egypt Road & Ridge Pike Jeffersonville

Western Saving Fund Society  
Valley Forge Shopping Center, King of Prussia

Philadelphia National Ridley Office  
Kedron Avenue & McDade Boulevard

Broad Street Trust Company  
7 Kedron Avenue, Morton  
1006 Lincoln Avenue, Prospect Park  
Chester Pike & Amosland Road, Norwood

Delaware County National Bank  
1444 Chester Pike, Sharon Hill

Fidelity-Philadelphia Trust Company  
McDade & Fairview, Ridley Township  
Swarthmore & Hineken Avenues, Ridley Park

First Pennsylvania Banking & Trust Co., The  
McDade & Ashland Avenue, Blenheim

Provident Tradesmens Bank & Trust Company  
Chester Road & Rutgers Avenue, Swarthmore

Philadelphia National Citizens Office  
401 High Street, Pottstown

First Federal Savings of Pottstown  
High & Hanover Streets

Montgomery County Bank & Trust Company  
 205 High Street  
 West High Street, Stowe  
 High & Wilson Streets

Security Trust Company of Pottstown  
 High & Hanover Streets  
 930 North Charlott Street

Philadelphia National  
 Route 363 & Ridge Pike, Lower Providence Office

Peoples National Bank of Norristown  
 Egypt Road & Ridge Pike, Jeffersonville

R. C. Allen, R. W. Maletz, 6/13/61.

[fol. 6357] DEFENDANTS' EXHIBIT 12-A

Addendum to Defendants' Exhibit D-12

Page 5 Under "Philadelphia National 3131 Market Street Office" add: "Girard Trust Corn Exchange Bank, Suburban Station"

Page 6 Under "Philadelphia National Upper Darby Office," add to the offices of Girard Trust Corn Exchange Bank: "712 Church Lane, Yeadon"

Page 7 Under "Philadelphia National Erie Office" add: "Girard Trust Corn Exchange Bank, Torresdale Ave. and Orthodox Street"

Page 8 Under "Philadelphia National Fairhill Office" add: "Girard Trust Corn Exchange Bank, 2721 Germantown Avenue"

[fol. 6358] DEFENDANTS' EXHIBIT 13

Girard Trust Corn Exchange Bank

List of each of its offices, giving each office of a competing institution located within a radius of one mile for each Girard city office and within a radius of two miles for each Girard suburban office.

[fol. 6359] GIRARD TRUST CORN EXCHANGE BANK  
Philadelphia, Pa.

Girard Trust Corn Exchange Main Office  
Broad & Chestnut Streets

Main Office of all Major Philadelphia Commercial Banks

Broad Street Trust Company

336 Market Street  
8th & Christian

Central Penn National Bank

1716 Arch Street  
21 South 12th Street  
7 & Chestnut Streets

Citizens & Southern Bank & Trust Co  
20th & Chestnut Streets

Fidelity-Philadelphia Trust Company

5th & Chestnut Streets  
18th & Walnut Streets  
251 South 24th Street

First Camden National Bank

3rd & Market Streets

First Pennsylvania Banking & Trust Co., The

S.W. Cor. 15th & Chestnut Streets

Reading Terminal

6th & Chestnut Streets

315 Chestnut Street

5th & Bainbridge Streets

17th & Pennsylvania Boulevard

Industrial Trust Company

1518 Walnut Street

1015 Chestnut Street

Liberty Real Estate Bank & Trust Co.

15th & Sansom Streets

Philadelphia National Bank, The

421 Chestnut Street

9th & Chestnut Streets

Three Penn Center Plaza

[fol. 6360] Provident Tradesmens Bank & Trust Co.

17th & Chestnut Streets

12th & Chestnut Streets

4th & Chestnut Streets

Juniper & Market Streets

Main Office of all Philadelphia Mutual Savings Banks  
(except Germantown Mutual Savings Fund)

Beneficial Mutual Savings Bank

33 South 16th Street

Philadelphia Saving Fund Society

7th & Walnut Streets

15th & Market Streets

Western Saving Fund Society

Suburban Station

James W. Baird Savings & Loan

32 South 18th Street

Benjamin Franklin Federal Savings & Loan

1624 Chestnut Street

Cayuga Federal Savings & Loan

13th & Sansom Streets

Continental Savings & Loan

112 South 19th Street

Colonial Federal Savings & Loan

1326 Walnut Street

Edmunds-Bouvier Savings & Loan

1829 Chestnut Street

First Federal Savings and Loan of Philadelphia

424 South 4th Street

First Federal Savings of Philadelphia

16th & Pennsylvania Boulevard

Italian Merchants Savings & Loan

1022 Catherine Street

Liberty Federal Savings & Loan

202 North Broad Street

- Mid-City Federal Savings & Loan  
15th & Locust Streets
- [fol. 6361] Penn Federal Savings & Loan  
1627 Walnut Street
- Philadelphia Federal Savings & Loan  
1619 Chestnut Street
- Prudential Federal Savings & Loan Association  
2015 Chestnut Street
- Public Federal Savings & Loan Association  
7th & Chestnut Streets
- Quaker City Federal Savings & Loan  
35 South 16th Street
- Second Federal Savings & Loan  
1727 Chestnut Street
- Stephen Girard Savings & Loan  
N. W. Cor. Juniper & Walnut Streets
- Walnut Street Federal Savings & Loan  
1705 Walnut Street
- Girard Trust Corn Exchange Downtown Office  
Second & Chestnut Streets
- Broad Street Trust Co.  
336 Market Street  
8th & Christian
- Central Penn National Bank  
2nd & Pine Streets  
7th & Chestnut Streets  
21 South 12th Street
- Fidelity-Philadelphia Trust Co.  
5th & Chestnut Streets
- First Camden National Bank & Trust Co.  
3 Market Street
- First Federal Savings & Loan of South Philadelphia  
424 South 4th Street



First Pennsylvania Banking & Trust Co., The  
 6th & Chestnut Streets  
 Reading Terminal  
 315 Chestnut Street  
 5th & Bainbridge Streets

Industrial Trust Company  
 1015 Chestnut Street

Marian Bank  
 4th & Fairmount

[fol. 6362] Philadelphia National Bank  
 421 Chestnut Street  
 9th & Chestnut Streets

Philadelphia Saving Fund Society  
 7th & Walnut Streets  
 12th & Market Streets

Public Federal Savings & Loan  
 7th & Chestnut Streets

Provident Tradesmens Bank & Trust Co.  
 4th & Chestnut Streets  
 6th & Spring Garden Streets  
 12th & Chestnut Streets

Girard Trust Corn Exchange Bank Arch Street Office  
 Third & Arch Streets

Broad Street Trust Company  
 336 Market Street

Central Penn National Bank  
 2nd & Pine Streets  
 7th & Chestnut Streets  
 21 South 12th Streets

Fidelity-Philadelphia Trust Company  
 5th & Chestnut Streets

First Camden National Bank & Trust Co.  
 3 Market Street

First Federal Savings & Loan of South Philadelphia  
 424 South 4th Street

First Pennsylvania Banking & Trust Co., The  
 6th & Chestnut Streets  
 Reading Terminal  
 5th & Bainbridge Streets  
 315 Chestnut Street

Industrial Trust Company  
 1015 Chestnut Street

Marian Bank  
 4th & Fairmount Streets

Philadelphia National Bank  
 421 Chestnut Street  
 9th & Chestnut Streets

[fol. 6363] Philadelphia Saving Fund Society  
 7th & Walnut Streets  
 12th & Market Streets

Provident Tradesmens Bank & Trust Co.  
 4th & Chestnut Streets  
 6th & Spring Garden Streets  
 Juniper & Market Streets

Public Federal Savings & Loan  
 7th & Chestnut Streets

Girard Trust Corn Exchange Boulevard Office  
 Roosevelt Boulevard & Comly Road

None.

Girard Trust Corn Exchange Bridesburg Office  
 Kirkbride, Ash & Thompson Streets

Eastern Federal Saving & Loan  
 2601 Orthodox Street

First Pennsylvania Banking & Trust Co., The  
 Tulip & Harbison Avenue

Girard Trust Corn Exchange Burholme Office  
 Rising Sun & Cottman Avenues

Cheltenham Federal Savings & Loan  
 6425 Rising Sun Avenue

Cheltenham National Bank  
500 Central Avenue, Cheltenham

Corona Savings & Loan  
Cottman Avenue & Oakley Street

Fox Chase Federal Savings & Loan  
Rhawn Street at Pine Road

Second National Bank  
Rising Sun & Martins Mill Road

Girard Trust Corn Exchange Frankford Office  
4700 Frankford Avenue

First Pennsylvania Banking & Trust Co., The  
Harbison & Tulip Streets

[fol. 6364] Frankford Trust Company  
Unity & Frankford Avenue

Germantown Saving Fund Society  
5135 Frankford Avenue

Home Unity Savings & Loan  
4806 Frankford Avenue

Liberty Real Estate Bank & Trust Co.  
Frankford Avenue & Pratt Street

Second National Bank  
4356 Frankford Avenue

Third Federal Savings & Loan  
4625 Frankford Avenue

Western Savings Fund Society  
4643 Frankford Avenue

City Savings & Loan Association  
1531 Pratt Street

Girard Trust Corn Exchange Germantown Office  
5500 Germantown Avenue

First Pennsylvania Banking & Trust Co., The  
16 West Cheltenham Avenue  
Cheltenham & Wayne Avenues

Germantown Federal Savings & Loan  
128 West Cheltenham Avenue

Germantown Saving Fund Society  
Germantown Avenue & School House Lane

Hamilton Savings & Loan  
5434 Germantown Avenue

Intercounty Savings & Loan  
60 West Cheltenham Avenue

Keystone Savings & Loan  
5024 Wayne Avenue

Liberty Real Estate Bank & Trust Co.  
Germantown Avenue & School House Lane

[fol. 6365] Provident Tradesmens Bank & Trust Co.  
150-54 Cheltenham Avenue

Reliance Federal Savings & Loan  
5519 Germantown Avenue

Girard Trust Corn Exchange Germantown & Lehigh Office  
2721-27 Germantown Avenue

Central Penn National Bank  
Broad Street & Glenwood Avenue

East Girard Savings & Loan  
1500 East Susquehanna Avenue

First Pennsylvania Banking & Trust Co.  
1006 Lehigh Avenue

Front & Huntingdon Savings & Loan  
Front & Huntingdon Streets

Home Unity Savings & Loan Association  
2513 Germantown Avenue

North East Federal Savings & Loan  
1841 East Allegheny Avenue

North Phila. Federal Savings & Loan  
1019 West Lehigh Avenue

Philadelphia National Bank  
7th & Dauphin Streets  
Front & Allegheny Avenue

Philadelphia Saving Fund Society  
11th & Lehigh Avenue

Philadelphia Suburban Federal Savings & Loan  
3310 North Broad Street

John B. Stetson Savings & Loan  
1854 Germantown Avenue

Western Saving Fund Society  
Germantown Avenue & Venango Street  
Front & York Streets

[fol. 6366] Girard Trust Corn Exchange Mayfair Office  
4010 East Cottman Street

Bell Savings & Loan Association  
4014 Cottman Street

Clearfield Federal Savings & Loan Association  
7149 Frankford Avenue

First Pennsylvania Banking & Trust Co., The  
8001 Frankford Avenue  
7157 Frankford Avenue  
6936 Torresdale Avenue

Germantown Saving Fund Society  
2604 Cottman Street

Holmesburg Savings & Loan  
7915 Frankford Avenue

Philadelphia Saving Fund Society  
Frankford Avenue & Teesdale Street

Girard Trust Corn Exchange North Philadelphia Office  
3711-15 Germantown Avenue

Abraham Lincoln Savings & Loan  
1414 West Erie Avenue

Central Penn National Bank  
Broad & Glenwood Streets

Community Federal Savings & Loan  
3626 North Broad Street



First Pennsylvania Banking & Trust Co.  
6th & Erie Avenue

Forward Savings & Loan  
6th & Erie Avenue

Philadelphia Suburban Federal Savings & Loan  
3310 North Broad Street

Provident Tradesmens Banking & Trust Co.  
3701 North Broad Street

Second National Bank  
3314 Germantown Avenue

Western Saving Fund Society  
Germantown Avenue & Venango Street

[fol. 6367] Girard Trust Corn Exchange Orthodox Office  
N.W. Cor. Orthodox & Torresdale Avenues

City Savings & Loan  
1531 Pratt Street

Eastern Federal Savings  
2601 Orthodox Street

First Pennsylvania Banking & Trust Co.  
Tulip Street & Harbison Avenue

Frankford Trust Company  
Unity Street & Frankford Avenue

Liberty Real Estate Bank & Trust Co.  
Frankford Avenue & Pratt Street

Second National Bank  
4356 Frankford Avenue

Third Federal Savings & Loan  
4625 Frankford Avenue

Western Saving Fund Society  
Germantown Avenue & Venango Street

Girard Trust Corn Exchange Sixty-Third Street Office  
427-35 North 63rd Street

Bell Savings & Loan Association  
6940 Market Street, Upper Darby

Central Penn National Bank  
62nd & Lancaster Avenue  
60th & Lansdowne Avenue

First Pennsylvania Banking & Trust Co., The  
18 Garrett Road, Upper Darby

Greater Delaware Valley Savings & Loan  
69th & Walnut Streets

Liberty Real Estate Bank & Trust Company  
49 South 69th Street, Upper Darby

Philadelphia National Bank, The  
6914 Market Street, Upper Darby

West Philadelphia Federal Savings & Loan  
5525 Chestnut Street

Western Saving Fund Society  
69th & Market Streets, Upper Darby

[fol. 6368] Girard Trust Corn Exchange South Philadel-  
phia Office  
23rd, Passyunk & Ritner

Beneficial Mutual Savings  
Broad & Snyder Avenue

Central Penn National Bank  
Broad & Passyunk Avenue

Fidelity-Philadelphia Trust Company  
23rd & Snyder Avenue  
21st & Wharton Streets

First Federal Savings & Loan  
1332 Point Breeze Avenue

Home Unity Savings & Loan  
Broad & Passyunk Avenue

Albert Lawrence Savings & Loan  
21st & Wharton

Philadelphia Saving Fund Society  
Broad & McKean Streets

Savings & Loan Association of South Philadelphia  
2101 South 19th Street

Burton C. Simon Savings & Loan  
2009 West Passyunk Avenue

Girard Trust Corn Exchange Spring Garden Street Office  
N.W.Cor. 12th Street, Ridge Avenue and Spring Garden  
Street

All Main Offices of Major Philadelphia Commercial Banks  
Beneficial Mutual Savings  
33 South 16th Street

Broad Street Trust Company  
Broad & Fairmount Avenue  
Broad & Thompson

Cayuga Federal Savings & Loan Association  
13th & Sansom Streets

Central Penn National Bank  
17th & Arch Streets  
21 South 12th Street

Colonial Federal Sayings & Loan  
1326 Walnut Street

First Federal Savings & Loan  
16th & Pennsylvania Boulevard

[fol. 6369] First Pennsylvania Banking & Trust Co., The  
5th & Chestnut Streets  
7th & Girard Avenue  
S.W.Cor. 15th & Chestnut Streets  
Reading Terminal  
6th & Chestnut Streets  
17th & Pennsylvania Boulevard

Home Unity Savings & Loan  
4th & Girard Avenue

Industrial Trust Company  
1015 Chestnut Street

Liberty Federal Savings & Loan  
202 North Broad Street

Liberty Real Estate Bank & Trust Co.  
15th & Sansom Streets

The Marian Bank  
4th & Fairmount Avenue

Penn Federal Savings & Loan  
1627 Walnut Street

Philadelphia Federal Savings & Loan  
1619 Chestnut Street

Philadelphia National Bank, The  
9th & Chestnut Streets  
Three Penn Center Plaza

Philadelphia Saving Fund Society  
12th & Market Streets  
15th & Market Streets

Provident Tradesmens Bank & Trust Co.  
6th & Spring Garden Streets  
17th & Chestnut Streets  
12th & Chestnut Streets  
Juniper & Market Streets

Public Federal Savings & Loan  
7th & Chestnut Streets

Quaker City Federal Savings & Loan  
35 South 16th Street

[fol. 6370] Second Federal Savings & Loan  
1727 Chestnut Street

Stephen Girard Savings & Loan  
Juniper & Walnut Streets

Varsity Building & Loan Association  
1622 North Broad Street

Western Savings Fund Society  
Suburban Station

Girard Trust Corn Exchange Stenton Avenue Office  
7169 Stenton Avenue

First Pennsylvania Banking & Trust Co.  
6740 Germantown Avenue

**Germantown Saving Fund Society**  
**Wister & Cheltenham**

**Liberty Federal Savings & Loan**  
**Stenton Avenue & Duval Street**

**Girard Trust Corn Exchange Suburban Station Office**  
**17th Street at Pennsylvania Boulevard**

**See banks and financial institutions listed under Girard's**  
**Main Office location at Broad & Chestnut Streets.**

**Girard Trust Corn Exchange Twenty-Second Street Office**  
**2942 North 22nd Street**

**Central Penn National Bank**  
**Broad & Glenwood Streets**

**East Girard Savings & Loan**  
**1500 East Susquehanna Avenue**

**First Pennsylvania Banking & Trust Co., The**  
**1006 Lehigh Avenue**

**North Philadelphia Federal Savings**  
**1019 West Lehigh Avenue**

**Philadelphia Saving Fund Society**  
**11th & Lehigh Avenue**

**Philadelphia Suburban Federal Savings**  
**3310 North Broad Street**

**[fol. 6371] Second National Bank**  
**3314 Germantown Avenue**

**Western Saving Fund Society**  
**Germantown Avenue & Venango Street**

**Girard Trust Corn Exchange West Oak Lane Office**  
**7178-81 Ogontz Avenue**

**Cheltenham National Bank**  
**74th & Cheltenham Avenue**

**East Girard Savings & Loan Association**  
**7915 Ogontz Avenue**



Fidelity-Philadelphia Trust Company  
Cheltenham Avenue & Washington Lane

First Pennsylvania Banking & Trust Co., The  
2510 Cheltenham Avenue

Germantown Saving Fund Society  
Wister & Cheltenham Avenue

Grand Union Federal Savings & Loan  
7501 Ogontz Avenue

Liberty Federal Savings & Loan  
Stenton Avenue & Duval Street

Philadelphia Saving Fund Society  
53 East Cheltenham Avenue  
Cheltenham Shopping Center

Provident Tradesmens Bank & Trust Company  
Ogontz & Washington Lane

Girard Trust Corn Exchange West Philadelphia Office  
60th & Ludlow Streets

Metropolitan Federal Savings & Loan  
5218 Chestnut Street

Philadelphia Saving Fund Society  
15 South 52nd Street

Provident Tradesmens Bank & Trust Company  
19 South 52nd Street

West Philadelphia Federal Savings & Loan  
5225 Chestnut Street

Western Saving Fund Society  
4 South 52nd Street

[fol. 6372] Girard Trust Corn Exchange Wisconsin  
Office

Torresdale Avenue & Howell Street

Fidelity Federal Savings & Loan Association  
6958 Torresdale Avenue

First Pennsylvania Banking & Trust Co., The  
6836 Torresdale Avenue  
Tulip Street & Harbison Avenue

Girard Trust Corn Exchange Upper Darby Office PTC  
Terminal Office Drive-In Office

6910 Market Street PTC Terminal Building Glendale Road  
& Ludlow Street

**Bell Savings & Loan Association**

6930 Market Street

7578 Haverford Avenue

**Beneficial Savings & Loan**

7622 City Line Center

**Broad Street Trust Company**

7508 Haverford Avenue

**Central Penn National Bank**

60th & Lansdowne Avenue

58th & Baltimore Avenue

**Fidelity-Philadelphia Trust Company**

48 West Marshall Road

Baltimore Pike & Lansdowne Avenue

7636 City Line Avenue

**First Pennsylvania Banking & Trust Co., The**

18 Garrett Road

**Greater Delaware Valley Savings & Loan**

69th & Walnut Streets

**Liberty Real Estate Bank & Trust Co.**

49 South 69th Street

**Philadelphia National Bank, The**

6914 Market Street

**Western Saving Fund Society**

6920 Market Street

**Girard Trust Corn Exchange Broomall Office**

Westchester Pike & Summit Avenue

**Beneficial Mutual Savings**

Lawrence Park Shopping Center

→ [fol. 6373] **Colonial Federal Savings & Loan**

West Chester Pike & Eagle Road

**Philadelphia Saving Fund Society**

Manoa Shopping Center

Girard Trust Corn Exchange Drexel Hill Office  
4221 Ferne Boulevard

Fidelity-Philadelphia Trust Company  
Baltimore Avenue & Ogden Street  
Lansdowne & Baltimore Pike  
48 North Marshall Road  
220 West Baltimore Pike

First Pennsylvania Banking & Trust Co., The  
West Chester Pike west of City Line Avenue

Lansdowne Federal Savings & Loan  
32 South Lansdowne Avenue

Philadelphia Saving Fund Society  
Penn Oak  
Manoa Shopping Center

Provident Tradesmens Bank & Trust Company  
Saxer Avenue & Hart Lane

Springfield Township Federal Savings & Loan  
153 Saxer Avenue

Girard Trust Corn Exchange Havertown Office  
1625 East Darby Road

Colonial Federal Savings & Loan  
West Chester Pike & Eagle Road

First Pennsylvania Banking & Trust Co., The  
West Chester Pike west of City Line Avenue

Philadelphia Saving Fund Society  
Manoa Shopping Center

Girard Trust Corn Exchange Lawrence Park Office  
Lawrence Park Shopping Center

Beneficial Mutual Savings Bank  
Lawrence Park Shopping Center

Colonial Federal Savings & Loan  
West Chester Pike & Eagle Road

[fol. 6374] First Pennsylvania Banking & Trust Co., The  
Sproul & Township Line Roads

Metropolitan Federal Savings & Loan  
Pilgrim Gardens Shopping Center

Philadelphia Saving Fund Society  
Manoa Shopping Center

Western Saving Fund Society  
Springfield Shopping Center

Girard Trust Corn Exchange Manoa Office  
Manoa Shopping Center—West Chester Pike and Eagle  
Road, Havertown

Beneficial Mutual Savings Bank  
Lawrence Park Shopping Center

Colonial Federal Savings & Loan  
West Chester Pike & Eagle Road

Metropolitan Federal Savings & Loan  
Pilgrim Gardens Shopping Center

Philadelphia Saving Fund Society  
Manoa Shopping Center

Girard Trust Corn Exchange Newtown Square Office  
3533 West Chester Pike, Newton Square

Marple-Newton Federal Savings & Loan  
3531 West Chester Pike

Girard Trust Corn Exchange Penn. Oak Office  
Baltimore Pike & Oak Lane

Broad Street Trust Company  
7 Kedron Avenue, Morton

Delaware County National Bank  
1444 Chester Pike, Sharon Hill

Fidelity-Philadelphia Trust Company  
Baltimore Avenue & Ogden Street, Clifton Heights  
Baltimore Avenue & Lansdowne Avenue, Lansdowne  
220 West Baltimore Avenue, Clifton Heights  
Marshall Road & Lansdowne Avenue, Lansdowne

Glenolden Savings & Loan Association  
Glenolden

**Morton Savings & Loan Association**  
Morton

[fol. 6375] **Lansdowne Federal Savings & Loan**  
32 South Lansdowne Avenue

**Philadelphia Saving Fund Society**  
Baltimore Pike & Delmar Road, Upper Darby

**Provident Tradesmens Bank & Trust Company**  
Saxer Avenue & Hart Lane, Springfield

**Springfield Township Federal Savings & Loan**  
153 Saxer Avenue

**Girard Trust Corn Exchange Pilgrim Gardens Office**  
1021 Pontiac Road

**First Pennsylvania Banking & Trust Co., The**  
Sproul & Township Line Roads

**Metropolitan Federal Savings**  
Pilgrim Gardens Shopping Center, Drexel Hill

**Philadelphia Saving Fund Society**  
Manoa Shopping Center

**Provident Tradesmens Bank & Trust Company**  
Saxer Avenue & Hart Lane, Springfield

**Western Saving Fund Society**  
Springfield Shopping Center

**Girard Trust Corn Exchange Yeadon Office**  
712 Church Lane

**Beneficial Mutual Savings Bank**  
6401 Woodland Avenue, Philadelphia

**Central Penn National Bank**  
65th & Woodland Avenue, Philadelphia  
58th & Baltimore Avenue, Philadelphia  
No 1 Bala Avenue

**Delaware County National Bank**  
9th & Main Streets, Darby



Fidelity-Philadelphia Trust Company  
 Baltimore Pike & Lansdowne Avenue, Lansdowne  
 Marshall Road & Lansdowne Avenue, Lansdowne

Greater Delaware Valley Savings & Loan  
 69th & Walnut Street

Lansdowne Federal Savings & Loan  
 32 South Lansdowne Avenue

Liberty Real Estate Bank & Trust Company  
 49 South 69th Street, Upper Darby

[fol. 6376] Girard Trust Corn Exchange Bank Bala-  
 Cynwyd Office

Cayuga Federal Savings & Loan  
 4700 City Line Avenue

Central Penn National Bank  
 Belmont & City Line Avenues  
 62nd & Lancaster Avenue

Fidelity-Philadelphia Trust Company  
 49 East City Line Avenue

First Pennsylvania Banking & Trust Co., The  
 2490 North 54th Street  
 Presidential Apts., City Line Avenue

Industrial Trust Company  
 140 Montgomery Avenue

West Philadelphia Federal Savings & Loan  
 5418 City Line Avenue

Girard Trust Corn Exchange Bank, Narberth Office  
 Haverford & Essex Avenues

Beneficial Mutual Savings Bank  
 7622 City Line Center

Broad Street Trust Company  
 7508 Haverford Avenue

Fidelity-Philadelphia Trust Company  
 7636 City Line Avenue

First Pennsylvania Banking & Trust Co., The  
 2490 North 54th Street, Philadelphia  
 7 East Lancaster Road, Ardmore  
 Inbound Pennsylvania Railroad Station, Ardmore

Industrial Trust Company  
 140 Montgomery Avenue

Lower Merion Federal Savings & Loan  
 44 East Lancaster Avenue

Public Federal Savings & Loan  
 Wynnewood Shopping Center

West Philadelphia Federal Savings & Loan  
 5418 City Line Avenue

[fol. 5377] Girard Trust Corn Exchange Bank Wynne-  
 wood Office  
 18 East Wynnewood Road

Beneficial Mutual Savings Bank  
 7622 City Line Center

Broad Street Trust Company  
 7508 Haverford Avenue

Bryn Mawr Trust Company  
 Station Road & Lancaster Avenue

Fidelity-Philadelphia Trust Company  
 7636 City Line Avenue

First Pennsylvania Banking & Trust Co., The  
 7 East Lancaster Road, Ardmore  
 Inbound Pennsylvania Railroad Station, Ardmore

Germantown Saving Fund Society  
 Wynnewood Shopping Center

Industrial Trust Company  
 140 Montgomery Avenue

Lower Merion Federal Savings & Loan  
 44 East Lancaster Avenue

Public Federal Savings & Loan  
 Penn & East Wynnewood Roads

Girard Trust Corn Exchange Ambler Office  
Butler Avenue & Spring Garden Street

Ambler Savings & Loan  
44 East Butler Avenue

Provident Tradesmens Bank & Trust Company  
Butler Avenue & Main Street

Girard Trust Corn Exchange Flourtown Office  
Wissahickon Avenue & Bethlehem Pike

Broad Street Trust Company  
Germantown Avenue & Gravers Lane

First Pennsylvania Banking & Trust Co., The  
8527 Germantown Avenue

Germantown Saving Fund Society  
Germantown & Highland Avenue

[fol. 6378] Industrial Trust Company  
1620 East Wadsworth Street

Philadelphia Suburban Federal Savings & Loan  
Flourtown Shopping Center, Bethlehem Pike

Western Saving Fund Society  
Wadsworth & Pickering Streets

Girard Trust Corn Exchange Fort Washington Office  
Fort Washington Industrial Park

Philadelphia Suburban Federal Savings & Loan  
Flourtown Shopping Center, Bethlehem Pike

R. C. Allen, R. W. Maletz, 6/9/61.

[fol. 6379] DEFENDANTS' EXHIBIT 13-A

Addendum to Defendants' Exhibit D-13

Page 9 Under "Girard Trust Corn Exchange Orthodox Office" add: "Philadelphia National Bank, Erie and Castor Avenues"

Page 12 Under "Girard Trust Corn Exchange Suburban Station Office" add: "Philadelphia National Bank, 3131 Market Street"

Page 14 Under "Girard Trust Corn Exchange Bank Wissinoming Office" add: "Liberty Real Estate Bank and Trust Co., 5119 Frankford Ave."

Page 17 Under "Girard Trust Corn Exchange Yeadon Office" add: "Philadelphia National Bank 6914 Market Street"

Page 18 Under "Girard Trust Corn Exchange Narberth Office" add: "Philadelphia National Bank, 75 St. James Place, Ardmore"

Page 19 Under "Girard Trust Corn Exchange Wynnewood Office" add: "Philadelphia National Bank, 75 St. James Place, Ardmore"

Page 20 Under "Girard Trust Corn Exchange Fort Washington Office" add: "Provident Tradesmens Bank and Trust Company, Butler Avenue and Main Street, Ambler"

### Errata

Page 13 Under "Girard Trust Corn Exchange Bank West Oak Lane Office" delete "Philadelphia Saving Fund Society, 53 East Cheltenham Avenue, Cheltenham Shopping Center."

[fol. 6380]

## DEFENDANTS' EXHIBIT 14

TREASURY DEPARTMENT  
Comptroller of the Currency  
Washington 25

February 28, 1961.

Mr. Frederic A. Potts, President,  
The Philadelphia National Bank,  
Philadelphia 1, Pennsylvania.

Re: Proposed consolidation of The Philadelphia National Bank, Philadelphia, Pennsylvania, and Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania, under the charter of the former and title "Philadelphia Girard National Bank and Trust Company".

DEAR MR. POTTS:

The Comptroller has considered the proposed consolidation in the light of the statutory factors enumerated in Section 18(e) of the Federal Deposit Insurance Act, as amended by P. L. 86-463, approved May 13, 1960. These factors are the financial history and condition of each of the banks involved, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served, whether or not its corporate powers are consistent with the purposes of the Federal Deposit Insurance Act, and the effect of the transaction on competition (including any tendency toward monopoly). After giving careful consideration to the proposed consolidation in the light of each of these factors, the Comptroller has found that the transaction will be in the public interest. Accordingly, on February 24, 1961, he gave his approval to the proposed consolidation on the following conditions:

1. That the consolidation will be consummated in accordance with the provisions of Title 12, U.S.C., Section 215, and in accordance with the provisions outlined in our Standard Form of General Instructions.



2. That any assets acquired by reason of the consolidation which do not conform to legal requirements for national banks will be made to conform or be eliminated within a reasonable period of time after the consolidation becomes effective.
3. That the fixed assets to be acquired by reason of the consolidation will not be set up on the books of the consolidated bank in excess of the present carrying value as shown on the books of the Girard Trust Corn Exchange Bank:

[fol. 6381] Approval is also given to the consolidated bank to continue to operate the present branches of The Philadelphia National Bank and to establish branches at the present location of the head office and the branch locations of the Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania.

In order that our files may be complete, please furnish this office a complete list of all branches now being operated by The Philadelphia National Bank and Girard Trust Corn Exchange Bank, including street numbers (if any) and postal designations with the correct popular name of each branch.

It is noted from the application that approval has been given to the Girard Trust Corn Exchange Bank to establish a branch at the N. E. Corner Conly Road & Roosevelt Blvd., Philadelphia. You are advised that unless this branch is opened for business prior to the effective time of the consolidation, it will be necessary for the consolidated bank to apply to the Comptroller of the Currency for permission to establish a branch at this location.

Please forward to the Comptroller an executed copy of the consolidation agreement including the proposed directors of the consolidated bank prior to the beginning of publication of the shareholders' notice.

Please forward to the Comptroller, as soon as completed, the various papers requested in the General Instructions accompanying this communication.

We have been advised that the Attorney General has filed an action to enjoin this proposed consolidation. We would appreciate being kept informed of the progress of this litigation.

You are reminded that there should be forwarded to this office, as promptly as possible after the effective time of the consolidation, the List of Directors and the Oaths of all Directors of the consolidated bank, as well as a statement of condition of each of the consolidating banks, as shown by its books immediately prior to the effective time of the consolidation; and a statement of condition of the consolidated bank, as shown by its books immediately after the effective time of the consolidation. Blanks for this purpose are enclosed.

Very truly yours, H. S. Haggard, Deputy Comptroller of the Currency.

Enclosures

[Vol. 6382]

## DEPENDANTS' EXHIBIT 15

## Commercial Banks with Head Office Located in Ten County Area by Counties on December 31, 1960

Philadelphia County	Name of Bank	Assets	Deposits	Loans	Lending Limit
	Philadelphia National Bank	\$1,183,949,306	\$1,049,004,620	\$ 532,667,634	\$ 8,000,000
	First Pennsylvania Banking and Trust Company	1,252,262,166	1,119,481,608	645,335,000	7,704,850
	Girard Trust Corn Exchange Bank	791,463,722	696,562,675	402,312,655	6,000,000
	Provident Tradesmens Bank and Trust Company	541,823,098	476,194,053	293,322,670	5,000,000
	Fidelity-Philadelphia Trust Company	515,511,185	463,732,046	253,340,625	3,750,000
	Central-Penn National Bank of Philadelphia	293,309,993	261,300,793	164,669,345	2,139,600
	Brown Brothers Harriman (a)	279,413,151	238,466,465	87,750,419	1,888,528
	Broad Street Trust Company	160,600,801	144,786,429	103,629,698	1,100,000
	Liberty Real Estate Bank and Trust Company	123,455,772	111,109,787	64,688,695	726,000
	Finance Company of Pennsylvania (The)	12,815,426	1,371,263	666,734	457,853
	Industrial Trust Company	53,540,544	48,175,051	24,018,878	417,500
	Frankford Trust Company	57,346,255	51,499,474	27,635,907	330,000
	Second National Bank of Philadelphia	40,802,267	36,910,771	20,035,485	300,000
	Pennsylvania Warehousing and Deposit Company	4,949,573	2,161,445	1,783,959	150,000
	Citizens and Southern Bank and Trust Company	5,210,368	4,706,003	2,373,582	34,500
	Sonsitany Bank and Trust Company	4,832,569	4,455,676	1,705,109	30,000
	Marian Bank	1,096,311	999,680	197,013	9,000
	Total Philadelphia County (b)	\$5,322,442,497	\$4,712,918,480	\$2,626,333,378	\$ 38,097,831

## Bucks County

Bucks County Bank and Trust Co. (Perkasie)	\$ 26,799.983	\$ 18,406.732	\$ 12,033.020	\$ 132,000
Doylstown National Bank and Trust Company	18,191.648	16,422.364	9,266.649	125,000
Quakertown National Bank	9,759.279	8,475.706	4,368.835	115,000
Doylstown Trust Company	14,986.893	12,950.814	6,901.692	100,000
First National Bank and Trust Co. (Newtown)	10,475.842	9,150.601	3,124.572	100,000
Morrisville Bank	15,143.538	13,832.332	7,018.335	70,500
Solebury National Bank of New Hope	6,412.369	5,846.759	2,861.329	52,500
First National Bank of Ringelaville	5,717.248	5,078.913	3,672.836	50,000
Chalfont National Bank	4,086.001	3,091.519	1,925.386	25,000
<b>Total Bucks County</b>	<b>\$ 105,573.391</b>	<b>\$ 93,855.740</b>	<b>\$ 50,672.654</b>	<b>\$ 770,000</b>

(a) Assets, Deposits, Loans &amp; Lending Limit are for entire Bank.

(b) Does not include Assets, Deposits, Loans and Lending Limit for the First Camden National Bank and Trust Co. which has an office at 223 Market Street, Philadelphia, Pa.

[fol. 6383]

Delaware County	Name of Bank	Assets	Deposits	Loans	Lending Limit
Delaware County National Bank (Chester)		\$ 79,992.356	\$ 71,914.869	\$ 29,178.183	\$ 253,000
Total Delaware County		\$ 79,992.356	\$ 71,914.869	\$ 29,178.183	\$ 253,000
Montgomery County					
Montgomery County Bank and Trust Co. (Norristown)		\$ 103,318.755	\$ 90,676.979	\$ 44,237.557	\$ 870,000
Bryn Mawr Trust Company		41,308.142	37,100.137	17,830.479	265,000
Peoples National Bank & Trust Co. of Norristown		28,099.222	24,625.992	15,455.419	254,500
Jenkintown Bank and Trust Company		31,034.075	25,935.206	15,315.000	250,000
Union National Bank & Trust Co. (Souderton)		14,912.792	12,992.253	6,827.915	150,000
Cheltenham National Bank		21,454.212	19,850.539	9,020.846	122,150
Security Trust Company of Pottstown		17,494.931	15,750.579	8,654.753	100,000
Bank of Old York Road (Willow Grove)		15,210.358	13,924.753	7,523.726	90,000
Bridgeport National Bank		10,200.581	9,040.176	4,254.792	70,000
National Bank of Royersford		5,528.662	4,705.391	1,582.394	65,000
Harleysville National Bank and Trust Co.		6,075.656	5,442.399	2,484.457	52,500
National Bank & Trust Co. of Schwenksville		5,181.398	4,389.682	2,775.802	50,000
Peoples National Bank of Souderton		4,738.314	4,315.902	2,532.523	35,000
Elkins Park National Bank		3,850.843	3,591.864	1,256.062	21,000
Total Montgomery County		\$ 308,407.941	\$ 272,331.252	\$ 139,772.785	\$ 2,395,210



[fol. 6384]

Chester County		Assets	Deposits	Loans	Lending Limit
Name of Bank					
Nat'l Bk. of Chester Co. & Trust Co. (West Chester)		\$ 23,851,304	\$ 20,828,458	\$ 9,874,243	\$ 180,000
First National Bank of West Chester (The)		20,032,588	17,989,329	7,403,019	100,000
National Bank of Chester Valley (Coatesville)		15,565,311	13,792,388	6,651,522	140,000
National Bank of Coatesville		17,556,230	15,750,799	8,234,859	125,000
Upper Main Line Bank (Berwyn)		18,299,544	15,845,951	9,169,797	115,000
Downington National Bank (The)		11,504,198	10,118,945	5,462,513	100,000
Farmers & Mechanics Nat'l Bank of Phoenixville		17,295,122	15,945,843	6,700,483	100,000
National Bank and Trust Co. of Kennett Square		12,745,678	11,530,506	6,915,319	85,000
National Bank & Trust Co. of Spring City (The) Est.		8,200,000	7,200,000	2,800,000	75,000
National Bank of Avondale (The)		7,189,843	6,383,668	3,868,829	55,000
National Bank of Malvern (The)		4,965,644	4,320,287	2,489,399	50,000
National Bank of Oxford (The)		6,901,498	6,171,813	2,563,647	50,000
Phoenixville Trust Company		6,689,193	5,950,177	3,151,775	50,000
Elverson National Bank (The)		6,000,305	5,506,302	2,965,210	40,000
Peoples Bank of Oxford		5,163,126	4,504,658	1,991,855	35,000
Farmers Bank of Parkesburg		3,452,566	3,095,720	1,300,619	30,000
First National Bank of Honey Brook (The)		4,088,635	3,648,233	2,297,448	30,000
National Bank and Trust Co. of West Grove		4,617,324	4,087,792	2,442,602	30,000
Atglen National Bank		2,179,865	1,913,503	1,089,185	15,000
Total Chester County		\$ 196,357,974	\$ 174,584,372	\$ 87,632,324	\$ 1,465,000

Name of Bank	Assets	Deposits	Loans	Lending Limit
<b>Burlington County</b>				
Mechanics National Bank of Burlington	\$ 19,234,243	\$ 17,354,034	\$ 9,648,681	\$ 165,000
Burlington County Trust Company (Moorestown)	26,322,222	24,023,950	9,888,739	138,360
Union National Bank & Trust Company at Mt. Holly	16,624,656	15,044,437	5,229,883	130,000
Bank of Levittown (The)	5,160,650	4,319,091	2,715,786	65,000
Burlington County National Bank of Medford (The)	9,006,595	8,258,034	3,866,012	65,000
Cinnarunson Bank & Trust Company (Riverton)	11,173,708	10,126,204	4,971,101	65,000
Riverside Trust Company	8,129,367	7,246,045	3,302,068	65,000
First National Bank of Riverside	7,831,027	7,148,129	2,921,319	62,500
Bordertown Banking Company	9,509,585	8,640,022	4,213,998	60,000
Burlington Bank & Trust Company	9,286,452	8,407,775	3,832,970	60,000
Peoples National Bank of Pemberton (The)	9,027,771	8,404,359	2,209,064	45,000
First National Bank & Trust Company of Beverly	5,408,576	4,774,603	2,918,685	40,000
Farmers Trust Company (Mt. Holly) (The)	5,919,813	5,413,177	1,843,677	35,000
First National Bank of Bordertown	5,426,496	4,964,105	2,504,715	35,000
First National Bank of Marlton	5,031,177	4,654,393	2,149,004	32,500
<b>Burlington County</b>				
First National Bank & Trust Company of Roebling	\$ 5,509,876	\$ 5,026,667	\$ 2,299,913	\$ 30,000
First National Bank of Vincentown (The)	2,930,831	2,568,323	981,510	20,000
Total Burlington County	\$ 161,533,045	\$ 146,373,348	\$ 65,497,125	\$ 1,113,360
<b>Camden County</b>				
Camden Trust Company	\$ 184,468,008	\$ 170,652,937	\$ 106,878,893	\$ 1,031,532
First Camden National Bank & Trust Company	139,845,854	124,640,231	72,492,270	750,000
Haddonfield National Bank	24,942,850	23,138,266	9,763,506	110,000
Peoples National Bank of Laurel Springs	12,210,248	11,181,197	5,836,733	63,000
Audubon National Bank	11,868,157	10,856,497	4,648,555	60,000
Merchantville National Bank & Trust Company	14,217,219	13,161,206	4,229,893	60,000
Third National Bank of Camden (The)	9,130,285	8,306,831	3,067,352	60,000
First National Bank of Collingswood (W. Collingswood)	8,797,071	7,928,435	3,794,733	50,000
Atco National Bank (The)	5,490,817	5,111,775	1,613,564	30,000
Total Camden County	\$ 410,970,509	\$ 374,995,375	\$ 212,325,499	\$ 2,214,532

## Gloucester County

First County National Bank & Trust Co. of Woodbury.....	\$ 20,645,975	\$ 18,545,711	\$ 10,689,909	\$ 168,000
Farmers & Mechanics National Bank (Woodbury).....	13,213,414	12,019,945	6,856,980	100,000
Pitman National Bank and Trust Company.....	9,653,299	8,732,830	2,911,329	85,000
National Bank of Mantua.....	8,871,013	8,081,276	4,753,234	76,000
First National Bank of Westville (The).....	10,137,736	9,281,154	4,209,754	70,000
First National Bank of Glassboro (The).....	18,146,488	7,333,142	2,533,553	60,000
First National Bank & Trust Company of Paulsboro.....	11,645,188	10,616,291	4,204,731	50,000
Swedesboro Trust Company.....	5,607,116	5,067,925	1,834,104	50,000
Clayton National Bank (The).....	5,891,306	5,261,108	2,425,055	46,000
First National Bank of Williamstown (The).....	5,077,565	4,543,822	2,346,210	32,500
Pitman Title and Trust Company.....	4,684,309	4,287,177	1,743,846	27,500
Farmers National Bank of Mullica Hill (The).....	2,487,035	2,133,915	1,316,441	25,000
First National Bank of Newfield (The).....	3,301,836	2,971,675	1,082,295	15,000
Total Gloucester County.....	\$ 109,362,280	\$ 98,875,971	\$ 46,907,441	\$ 805,000

[fol. 6386]

## Mercer County

Name of Bank	Assets	Deposits	Loans	Lending Limit
First Trenton National Bank	\$ 186,470,405	\$ 166,888,329	\$ 64,828,314	\$ 1,000,000
Trenton Trust Company	106,107,550	98,634,519	50,248,204	500,818
Princeton Bank and Trust Company	38,719,143	34,516,143	14,638,086	210,000
Broad Street National Bank of Trenton	45,813,667	42,586,657	19,592,299	200,000
First National Bank of Princeton	39,303,676	36,427,126	16,106,766	160,000
Security National Bank of Trenton	20,220,754	18,440,080	9,896,489	120,000
First National Bank of Hamilton Square	10,745,440	9,661,345	4,834,788	65,000
First National Bank of Hightstown	11,574,178	10,447,377	4,883,176	60,000
Yardville National Bank	7,089,643	6,089,485	3,578,039	51,000
Hightstown Trust Company	9,002,605	7,535,042	4,070,184	50,000
Total Mercer County	\$ 475,047,476	\$ 431,226,103	\$ 192,676,345	\$ 2,416,818

## New Castle County

Wilmington Trust Company	\$ 373,445,684	\$ 335,234,855	\$ 143,389,735	\$ 3,020,250
Bank of Delaware (Wilmington)	174,735,377	149,095,473	88,903,763	2,000,000
Farmers Bank of the State of Delaware (a)	113,864,369	101,708,447	62,097,865	800,000
Delaware Trust Company (Wilmington)	80,283,299	73,163,061	34,815,775	400,000
Peoples Bank and Trust Company (Wilmington)	10,245,323	8,437,952	4,065,567	81,376
Colonial Trust Company (Wilmington)	6,384,114	5,728,629	2,940,242	56,000
Commercial Trust Company (Wilmington)	4,048,364	3,240,253	2,037,125	50,000
Townsend Trust Company	516,692	445,816	307,048	5,000
Total New Castle County	\$ 763,533,222	\$ 677,054,486	\$ 338,557,120	\$ 6,412,626
Grand Total	\$ 7,933,220,691	\$ 7,034,130,005	\$ 3,789,552,854	\$ 55,943,377

(a) Main Office located in Dover, Kent County; there are 7 branch offices located in New Castle County.  
Source: Polk's Bank Directory 133rd Edition dated March 1961.

6/21/61

[fol. 6387]

## DEFENDANT'S EXHIBIT 16

Alternative Sources of Credit from Commercial Banks  
Located in Delaware ValleyNumber of Commercial Banks Authorized to Make Loans  
Within Limits Stated After PNB-Girard Merger

## Number of Commercial Banks

Loans	Phila. County*	4 Counties	10 Counties
Below \$10,000	17	41	116
Up to \$25,000	16	39	110
Up to \$50,000	14	35	90
Up to \$100,000	14	27	51
Up to \$250,000	13	18	25
Up to \$500,000	9	10	16
Up to \$1,000,000	7	7	11
Up to \$2,500,000	4	4	5
Up to \$5,000,000	3	3	3
Up to \$7,000,000	2	2	2
Up to \$8,000,000	1	1	1
Up to \$15,000,000	1	1	1

\* Including First Camden National Bank and Trust Company, with office in Philadelphia.

Source: See Defendants' Exhibit No. 15.

[fol. 6388]

## DEFENDANT'S EXHIBIT 17

Number of PNB Loans to Customers Located Within the 4-County Area,  
Distributed by Size and Type of Loan

## Type of Loan

Size of Loan	Commercial and Industrial	Consumer Installment	Real Estate	All Other	Total
Under \$10,000	1,200	52,200	2,330	2,364	58,094
\$10,000-24,999	189	—	723	373	1,285
\$25,000-49,999	189	—	104	373	666
\$50,000-99,999	146	—	53	52	251
\$100,000-249,999	120	—	18	40	178
\$250,000-499,999	59	—	4	5	68
\$500,000-999,999	34	—	—	4	38
\$1,000,000-2,499,999	23	—	2	3	28
\$2,500,000-4,999,999	11	—	1	1	13
\$5,000,000-6,999,999	1	—	—	—	1
\$7,000,000-7,999,999	—	—	—	—	—
\$8,000,000 and over	—	—	—	—	—
	1,972	52,200	3,235	3,215	60,622

Sources: PNB records.

For all loans \$50,000 and over, and for commercial and industrial loans under \$50,000, the data are based on an actual count as of September 21, 1960. The breakdown of commercial and industrial loans under \$50,000 into the three categories indicated is based on an analysis of samples furnished to the Justice Department.

For consumer installment, real estate and all other loans under \$50,000 the data are as of May 23, 1961, and the distribution by size groups is based on an analysis of samples furnished to the Justice Department.



## [fol. 6389] DEFENDANTS' EXHIBIT 18

Comparison of Relative Growth of Deposits of Banks in  
the Delaware Valley with Deposit Growth of the Phila-  
delphia National Bank and Girard Trust Corn Exchange  
Bank, 1951-1960

The following graphs portray the percentage growth of deposits, during the period from December 31, 1951 to December 31, 1960, of all commercial banks having their main offices in each of the 10 counties which comprise the Delaware Valley area, together with Farmers Bank of the State of Delaware, which has seven branch offices in New Castle County, although its main office is in Kent County. For purposes of comparison, each county graph sets forth the deposit growth of The Philadelphia National Bank and Girard Trust Corn Exchange Bank, although the main offices of these two banks are in Philadelphia County.

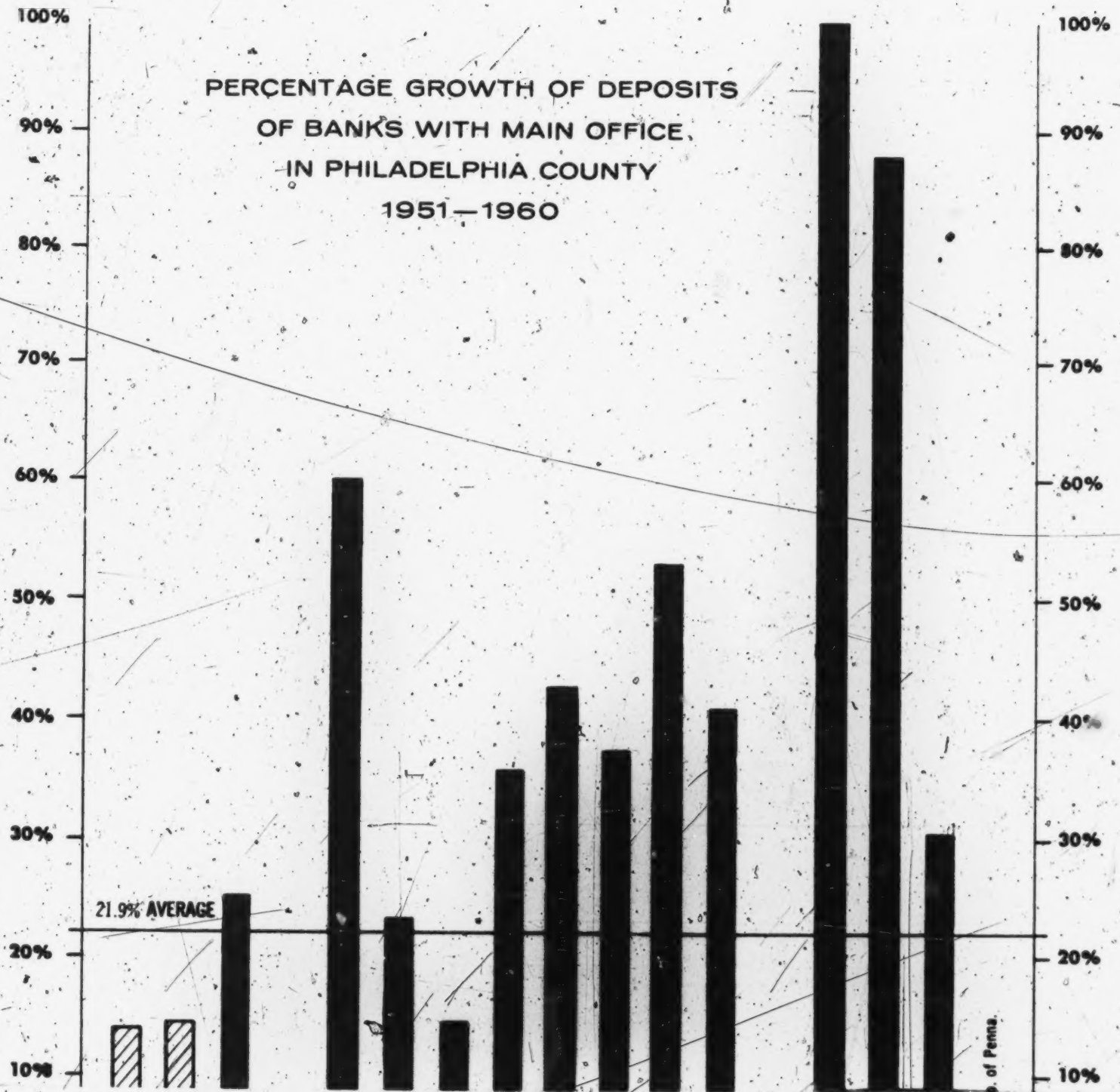
With respect to the Philadelphia County graph, the indicated growth for Brown Brothers, Harriman and Company includes deposits in the Boston, New York and Chicago offices of this bank, since data for the Philadelphia office alone were not available. The First Camden Bank and Trust Company, which also has an office in Philadelphia, is represented only on the graph for Camden County, where its main office is located.

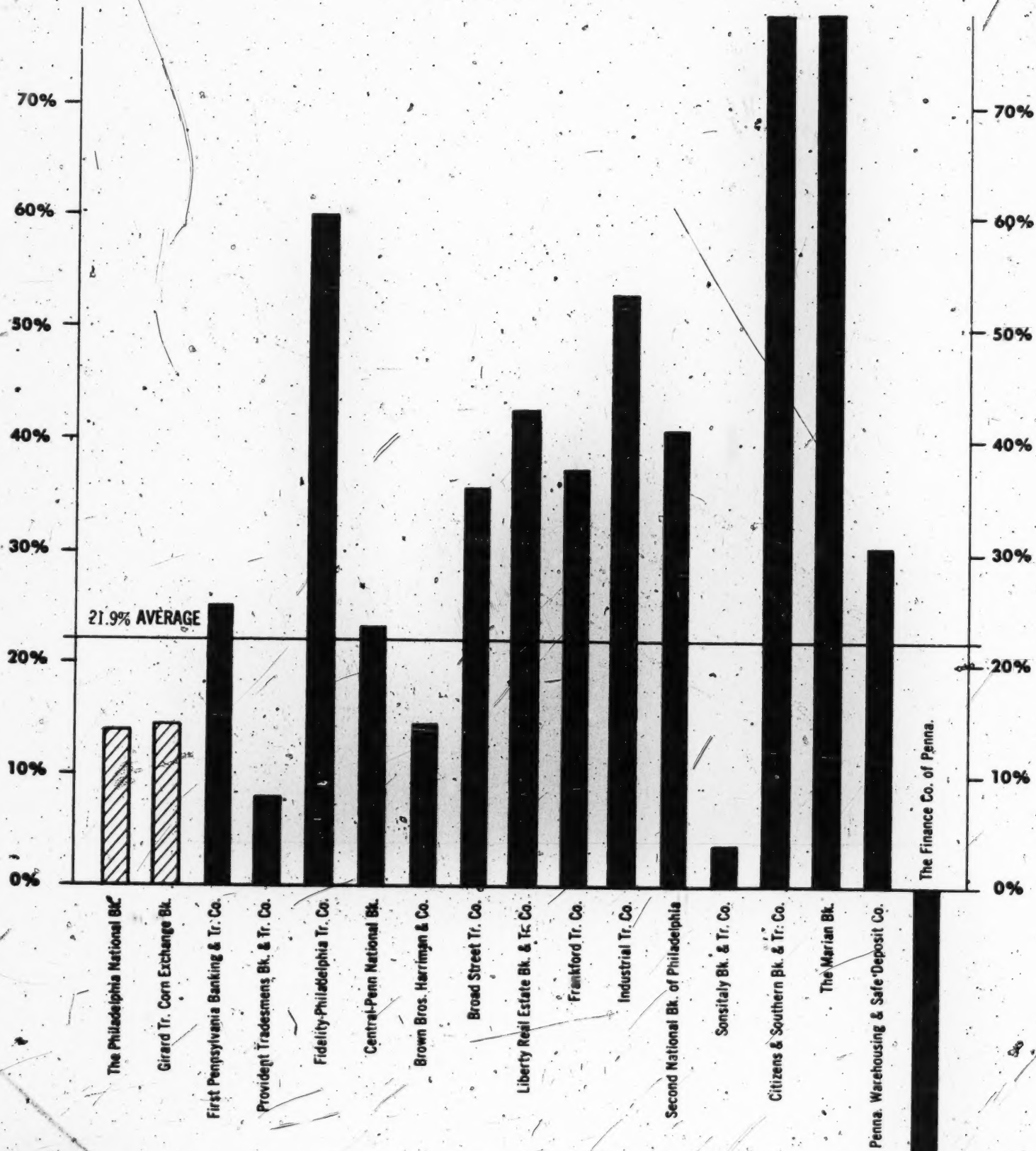
[fol. 6390] Three banks represented on the graphs. The Bank of Old York Road, The Bank of Levittown and The People's Bank Trust Company of Wilmington, were chartered after December 31, 1951. With respect to each of these banks, the base date for the growth indicated is the end of the year in which it was chartered.

In the case of banks which merged with other banks during the 1951-1960 period, the growth represented for the present bank is based upon the combined deposits of each of its constituent banks at December 31, 1951.

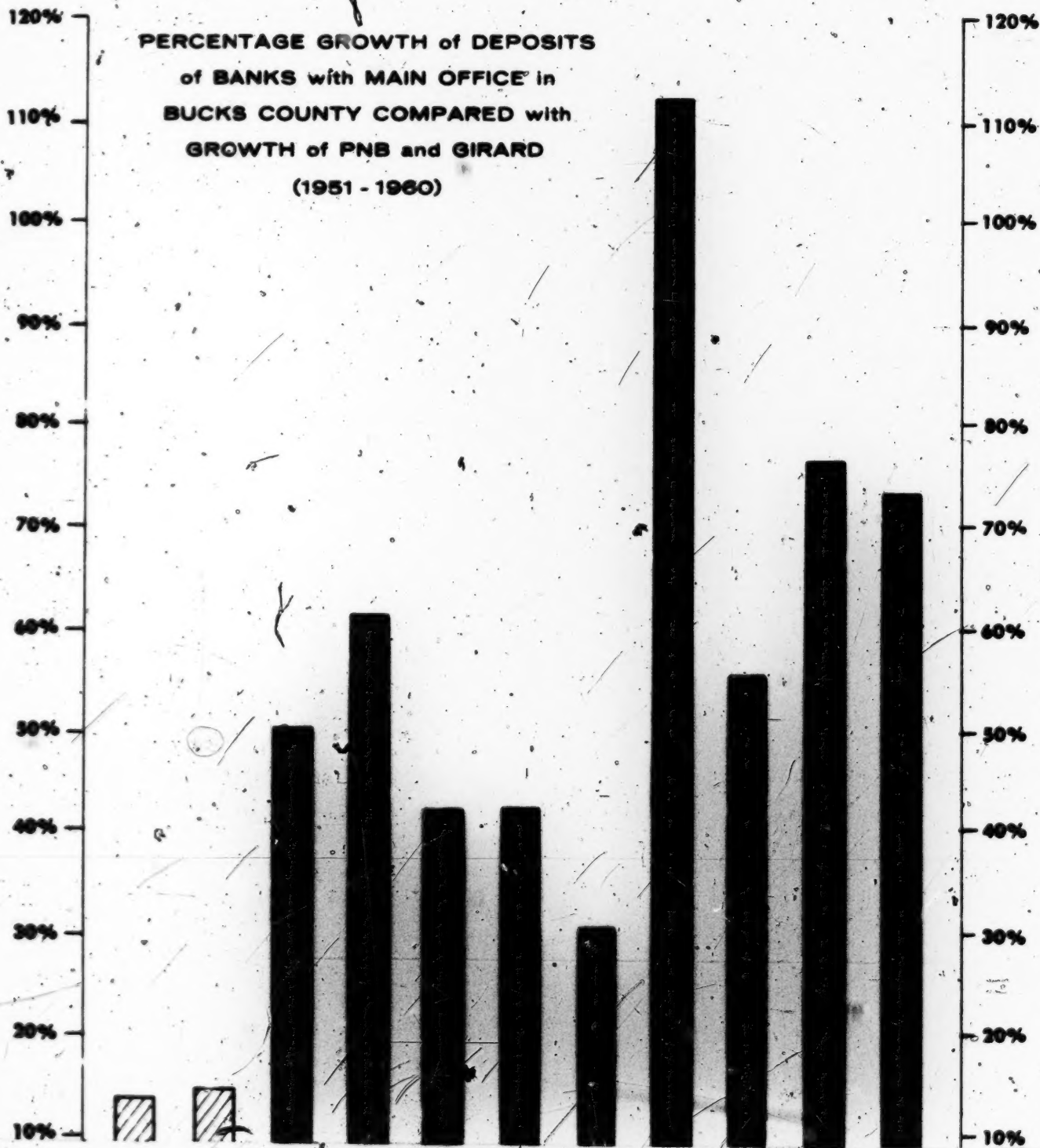
Source; Polk's Directory

PERCENTAGE GROWTH OF DEPOSITS  
OF BANKS WITH MAIN OFFICE  
IN PHILADELPHIA COUNTY  
1951-1960

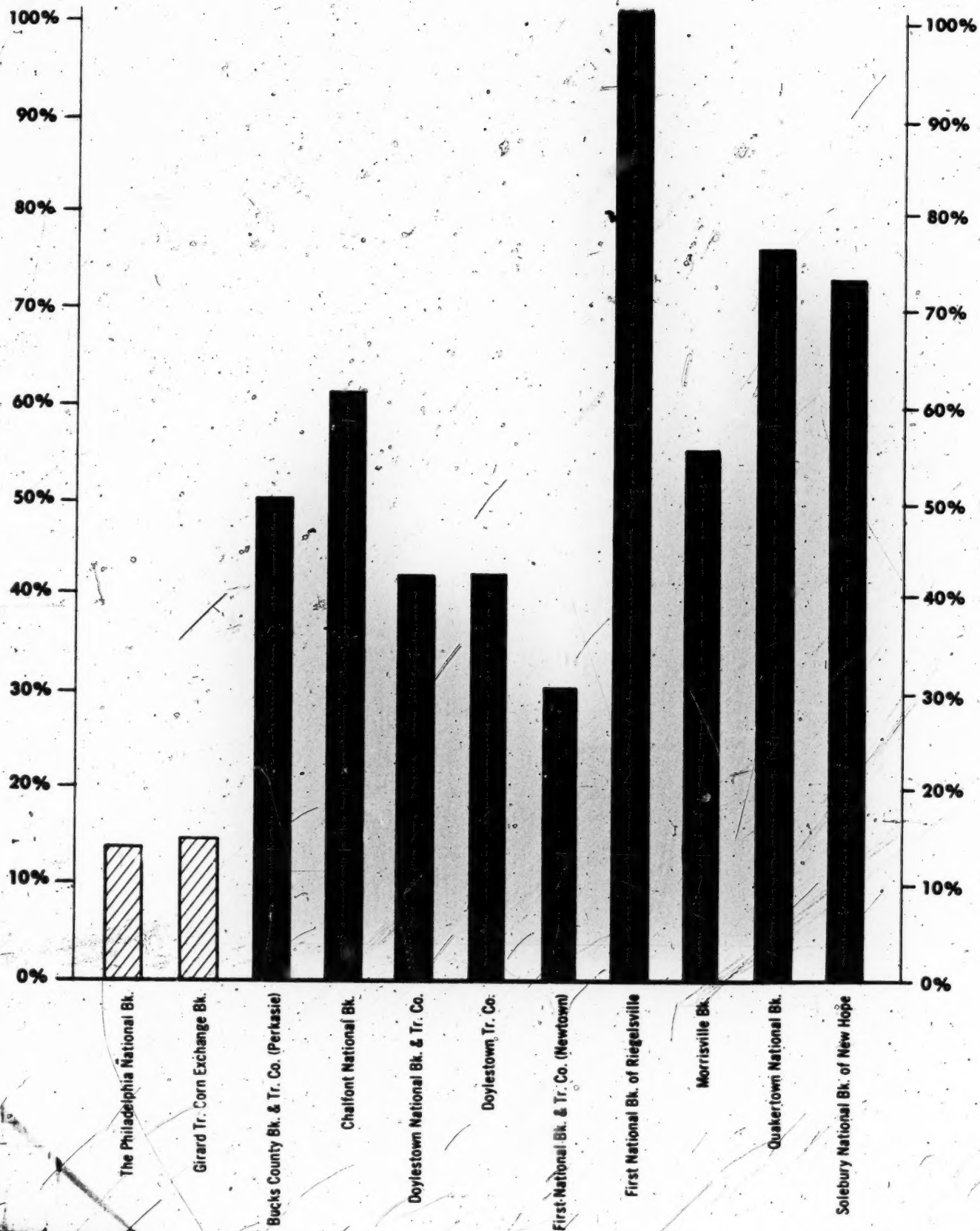




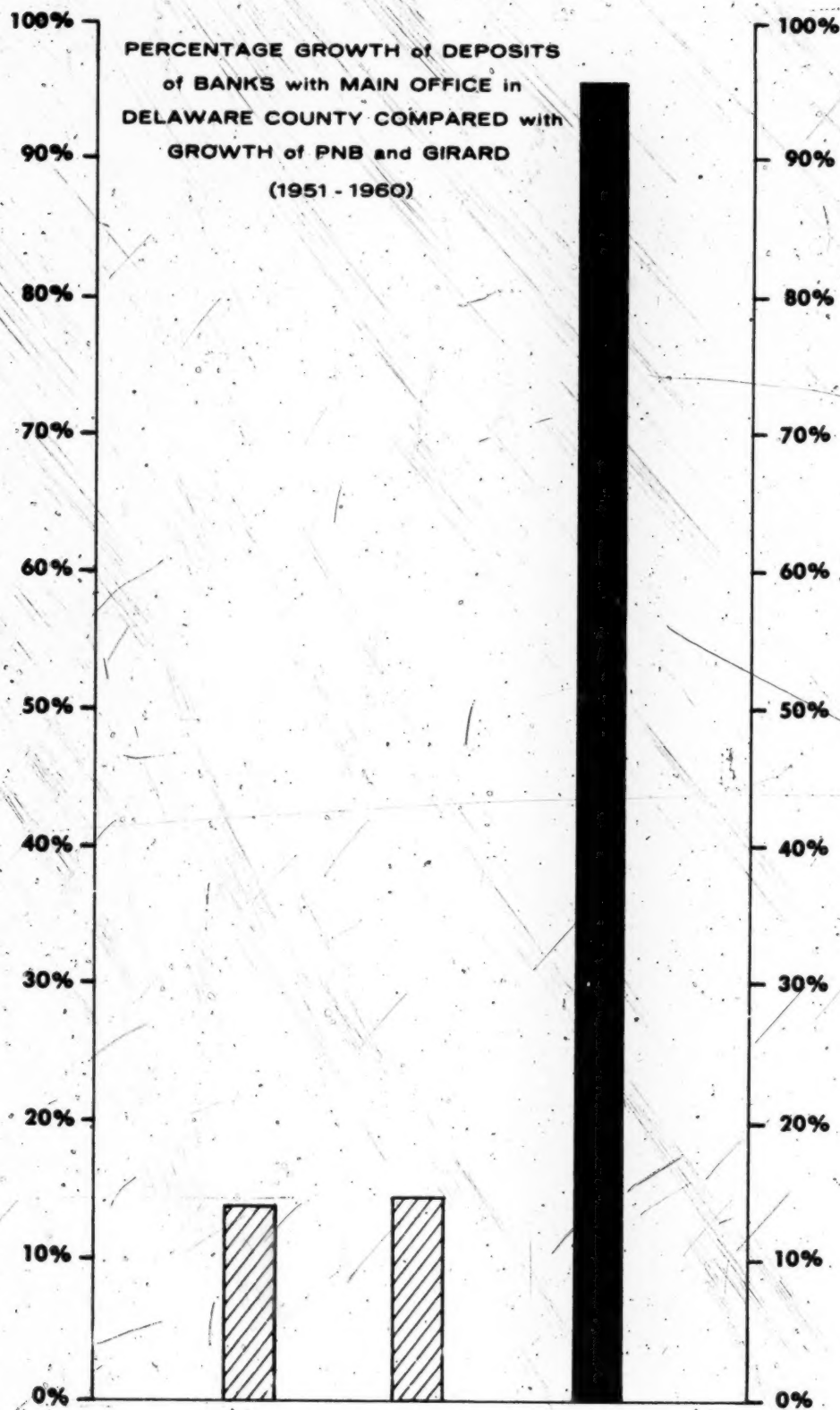
**PERCENTAGE GROWTH of DEPOSITS  
of BANKS with MAIN OFFICE in  
BUCKS COUNTY COMPARED with  
GROWTH of PNB and GIRARD  
(1951 - 1960)**











70%

60%

50%

40%

30%

20%

10%

0%

The Philadelphia National Bk.

Girard Tr. Corn Exchange Bk.

Delaware County National Bk. (Chester)

70%

60%

50%

40%

30%

20%

10%

0%

3063

pl. 6394]

16.0%

**PERCENTAGE GROWTH of DEPOSITS  
of BANKS with MAIN OFFICE in  
MONTGOMERY COUNTY COMPARED with  
GROWTH of PNB and GIRARD  
(1951 - 1960)**

25%

100%

75%

50%

25%

1,116.0%

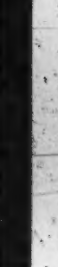
125%

100%

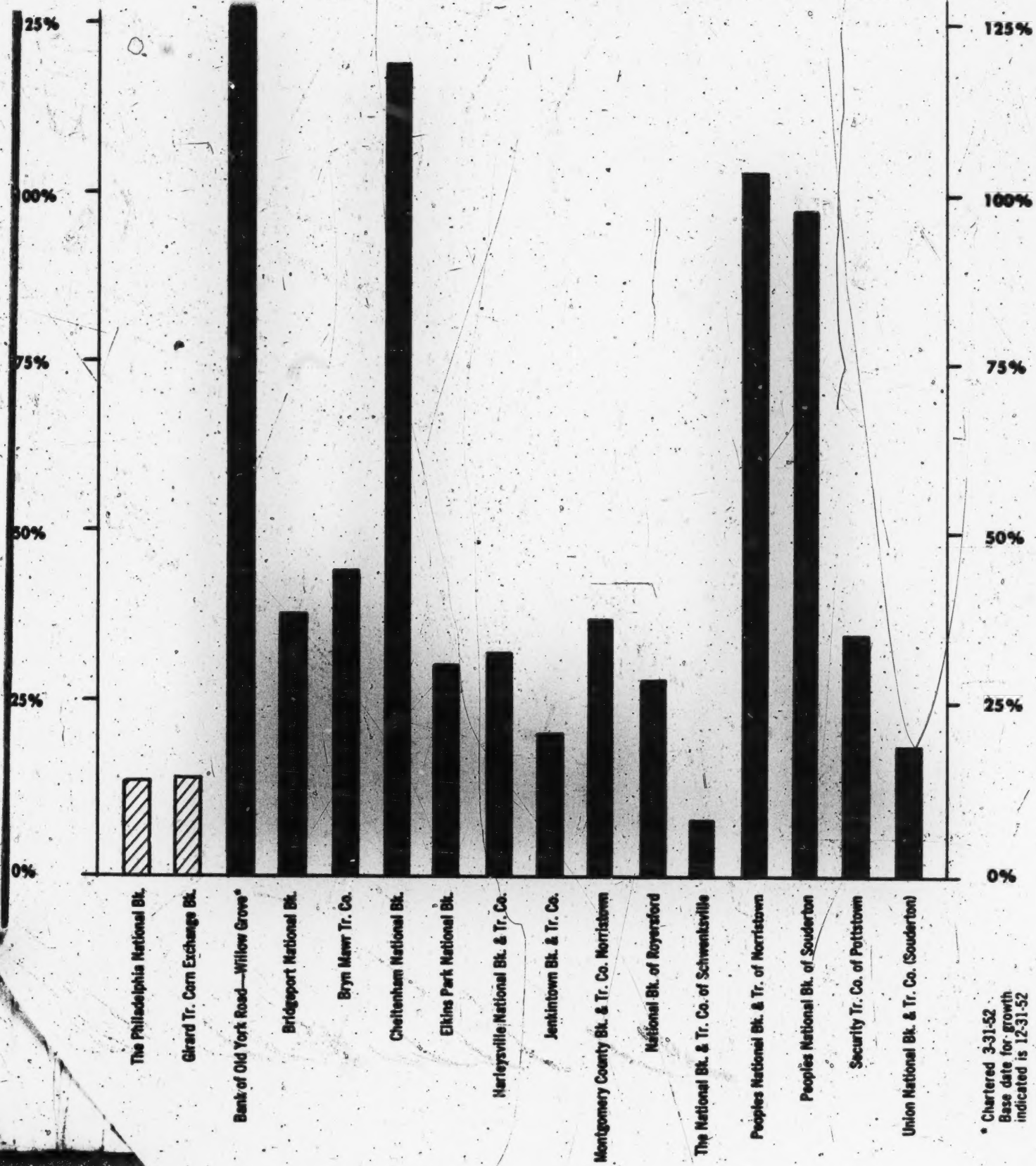
75%

50%

25%

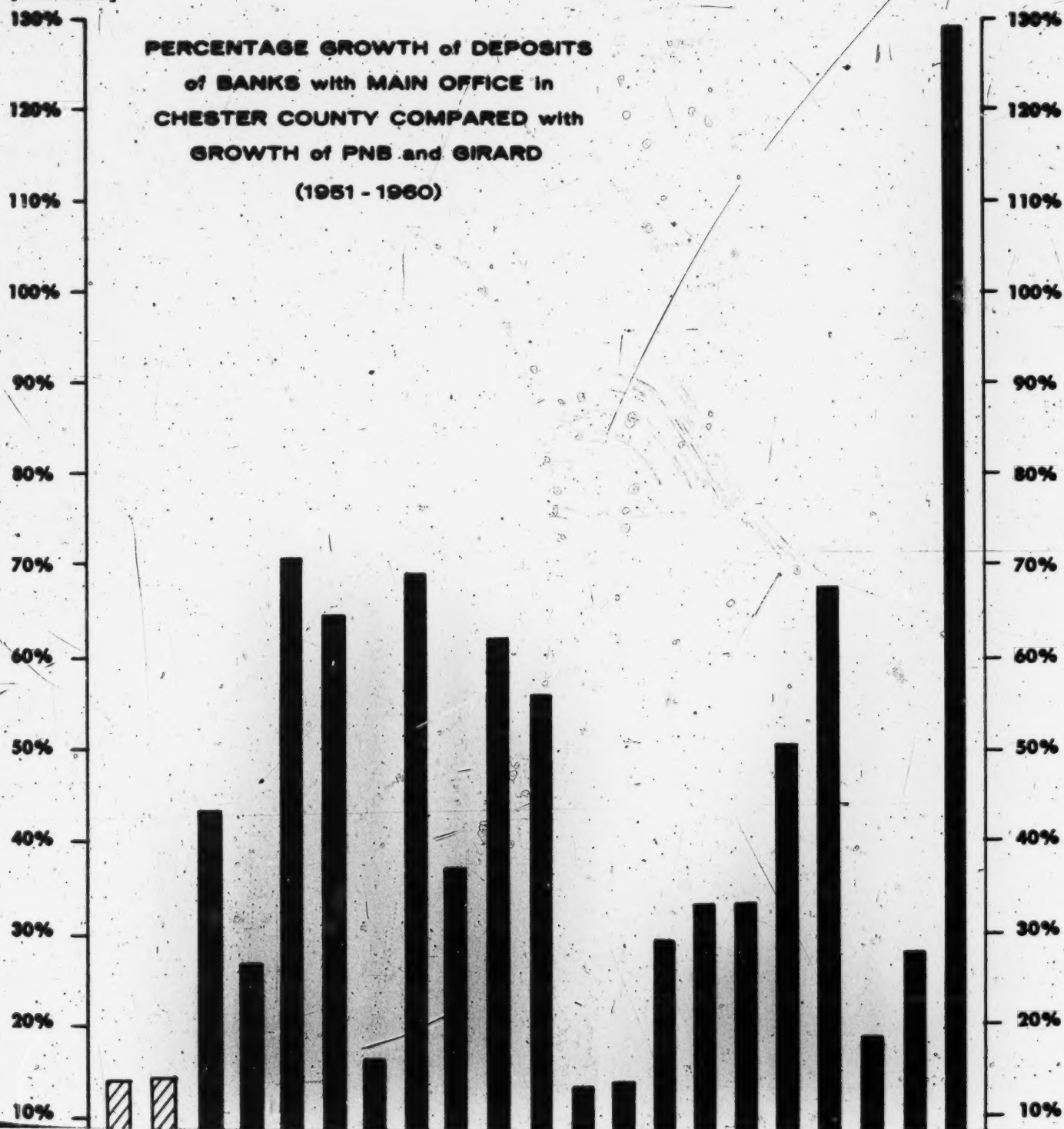




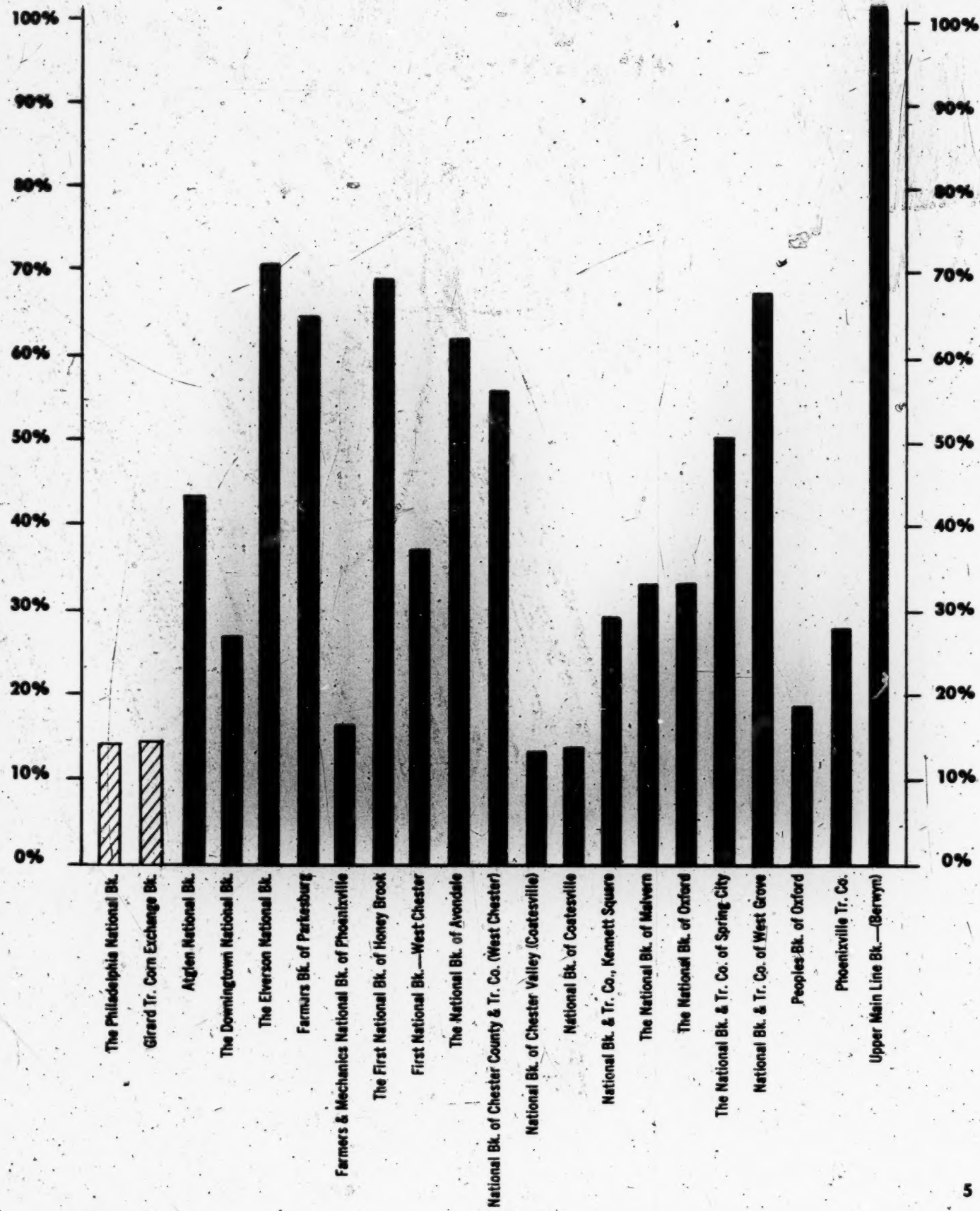


[fol. 6395]

**PERCENTAGE GROWTH of DEPOSITS  
of BANKS with MAIN OFFICE in  
CHESTER COUNTY COMPARED with  
GROWTH of PNB and GIRARD  
(1951 - 1960)**

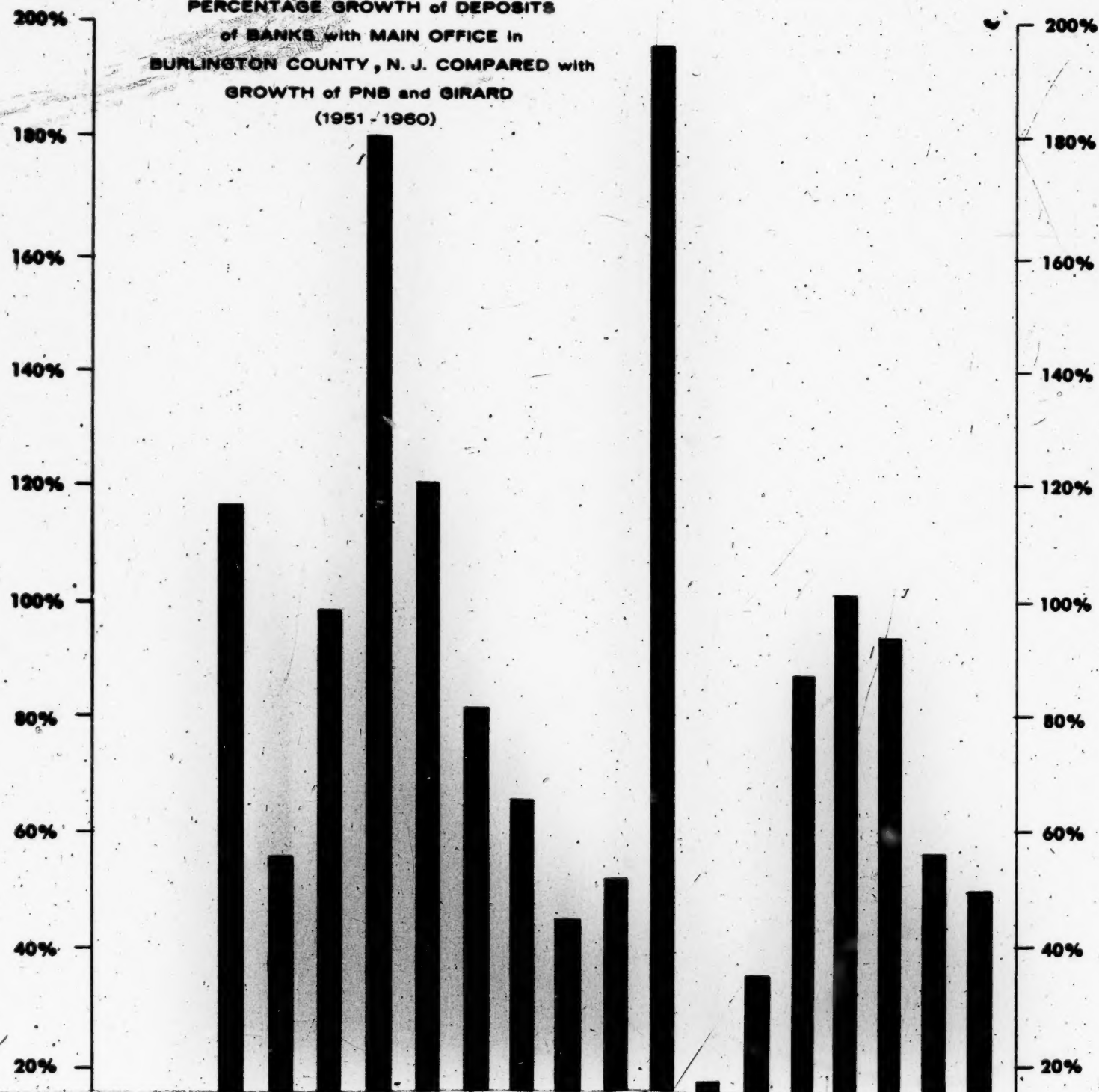


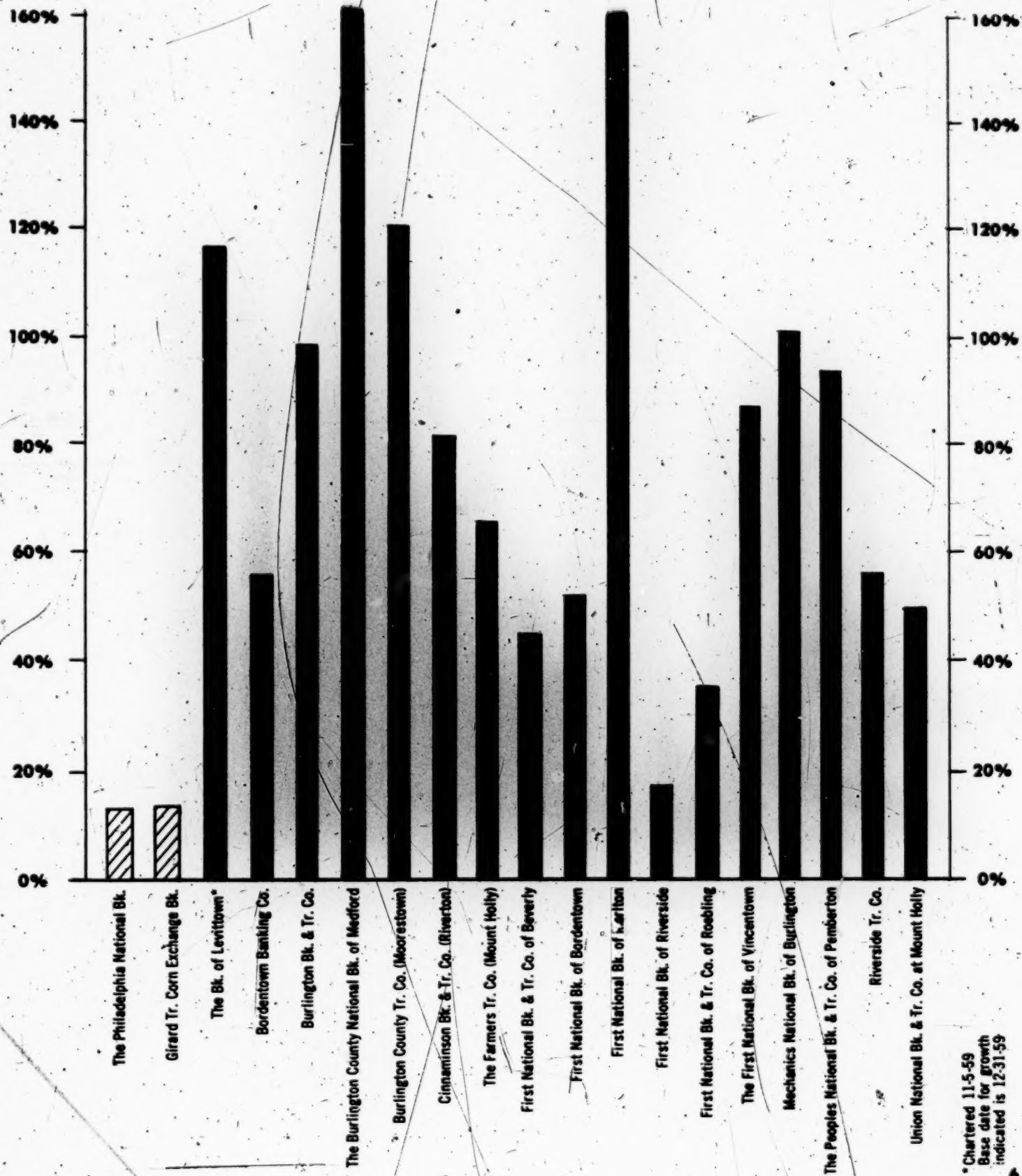




[fol. 6396]

**PERCENTAGE GROWTH of DEPOSITS  
of BANKS with MAIN OFFICE in  
BURLINGTON COUNTY, N. J. COMPARED with  
GROWTH of PNB and GIRARD  
(1951 - 1960)**





\*Chartered 11-5-59  
Base date for growth  
indicated is 12-31-59



[fol. 6397]

175%

150%

125%

100%

75%

50%

25%

**PERCENTAGE GROWTH of DEPOSITS  
of BANKS with MAIN OFFICE in  
CAMDEN COUNTY, N. J. COMPARED with  
GROWTH of PNB and GIRARD  
(1951 - 1960)**

175%

150%

125%

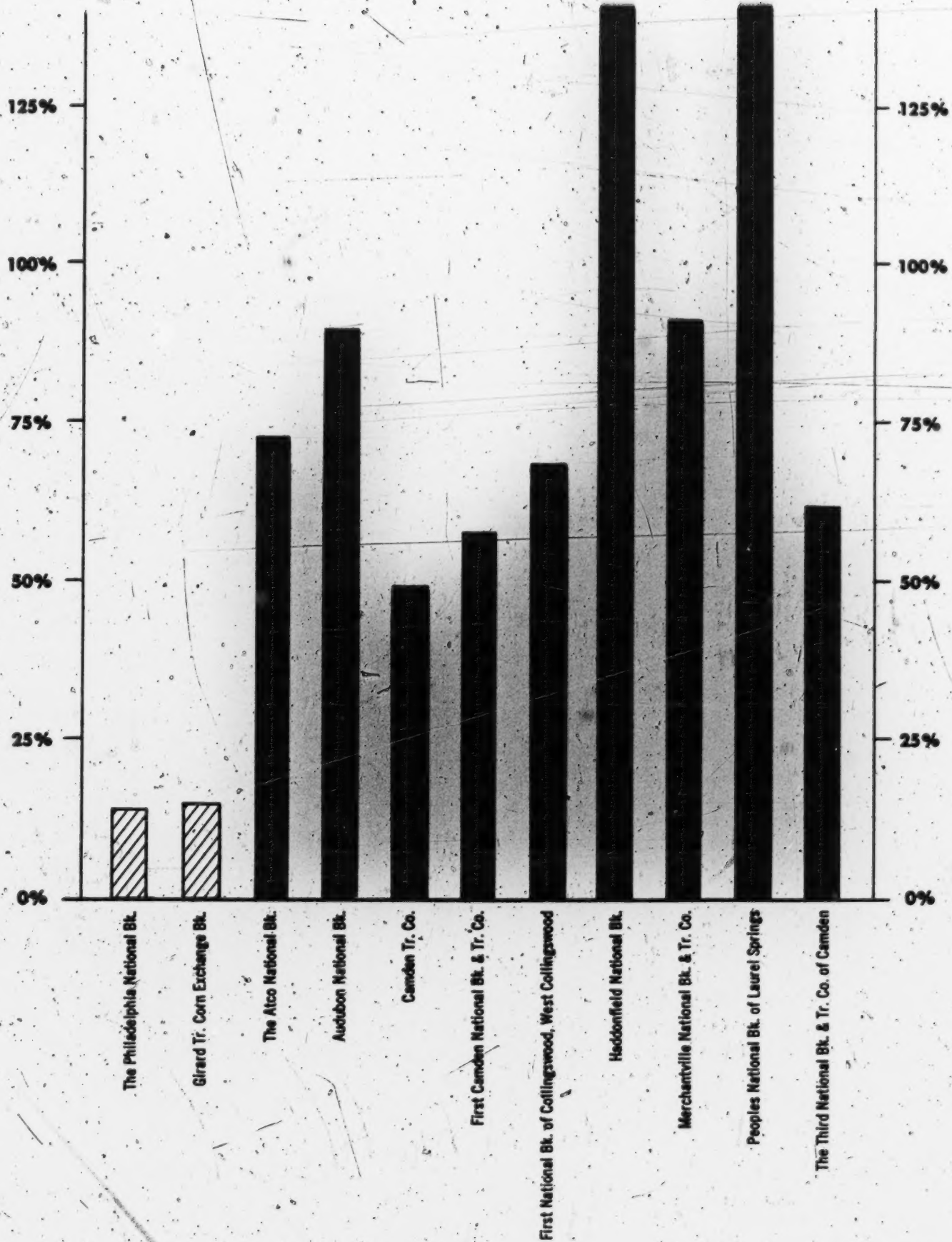
100%

75%

50%

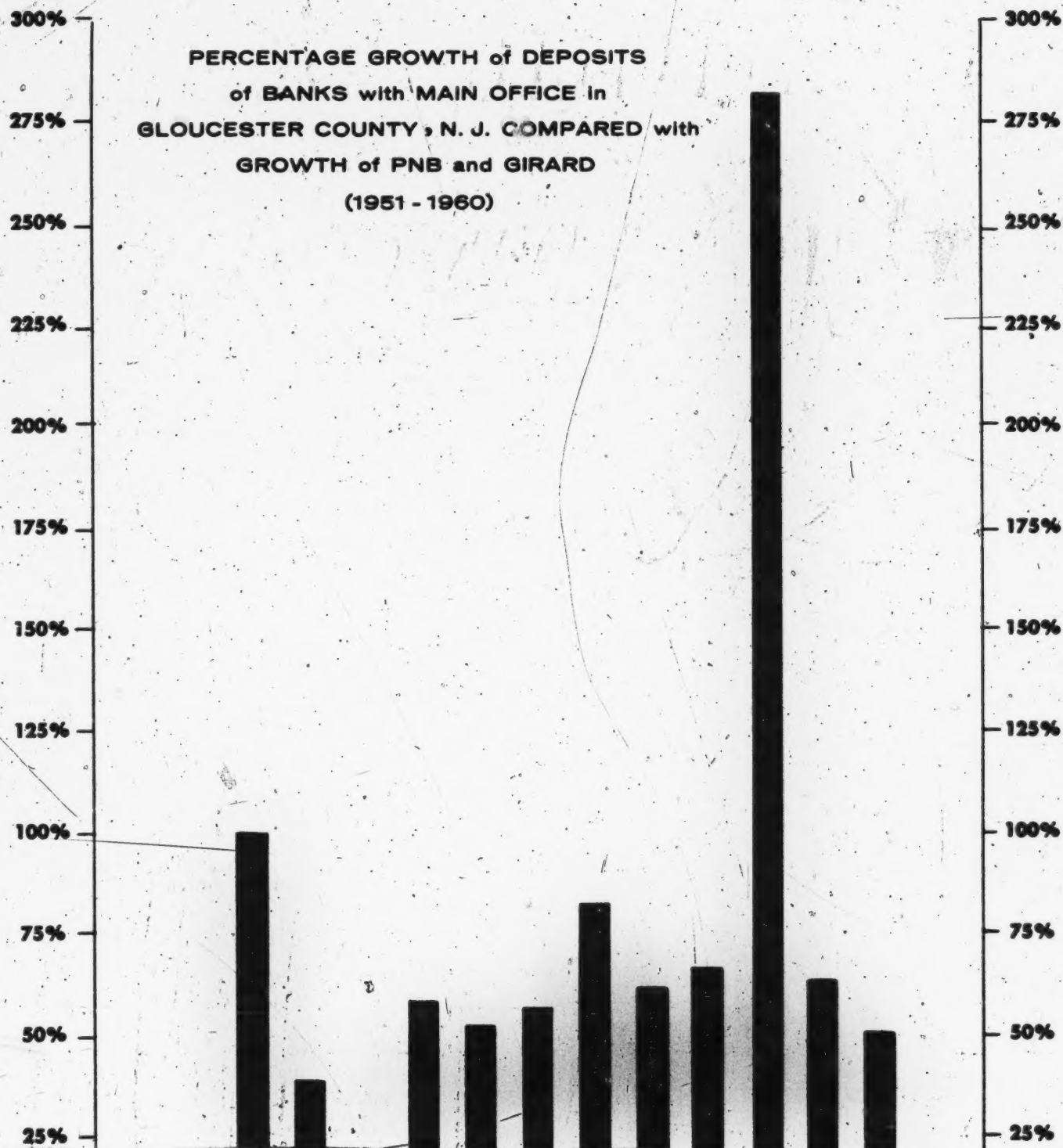
25%

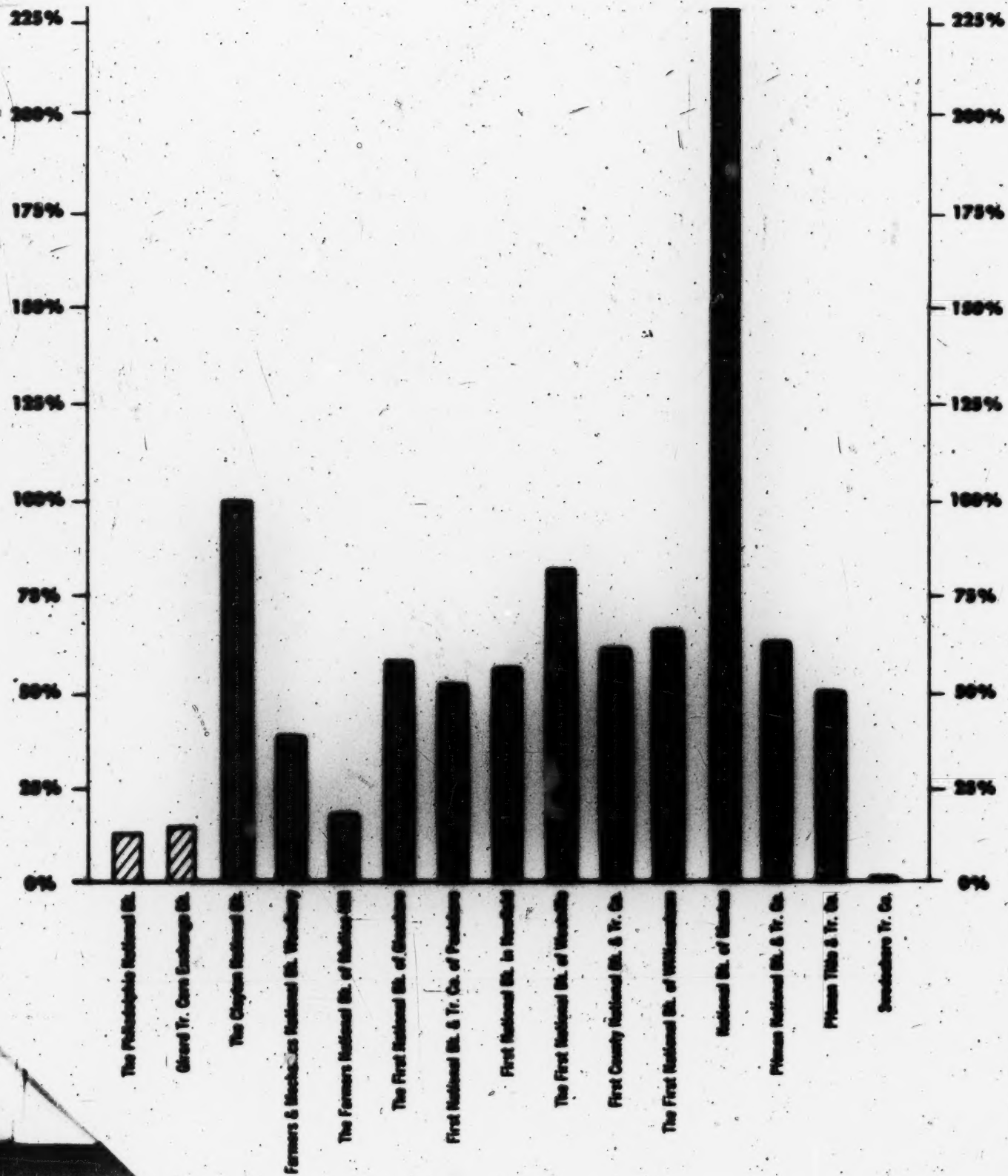






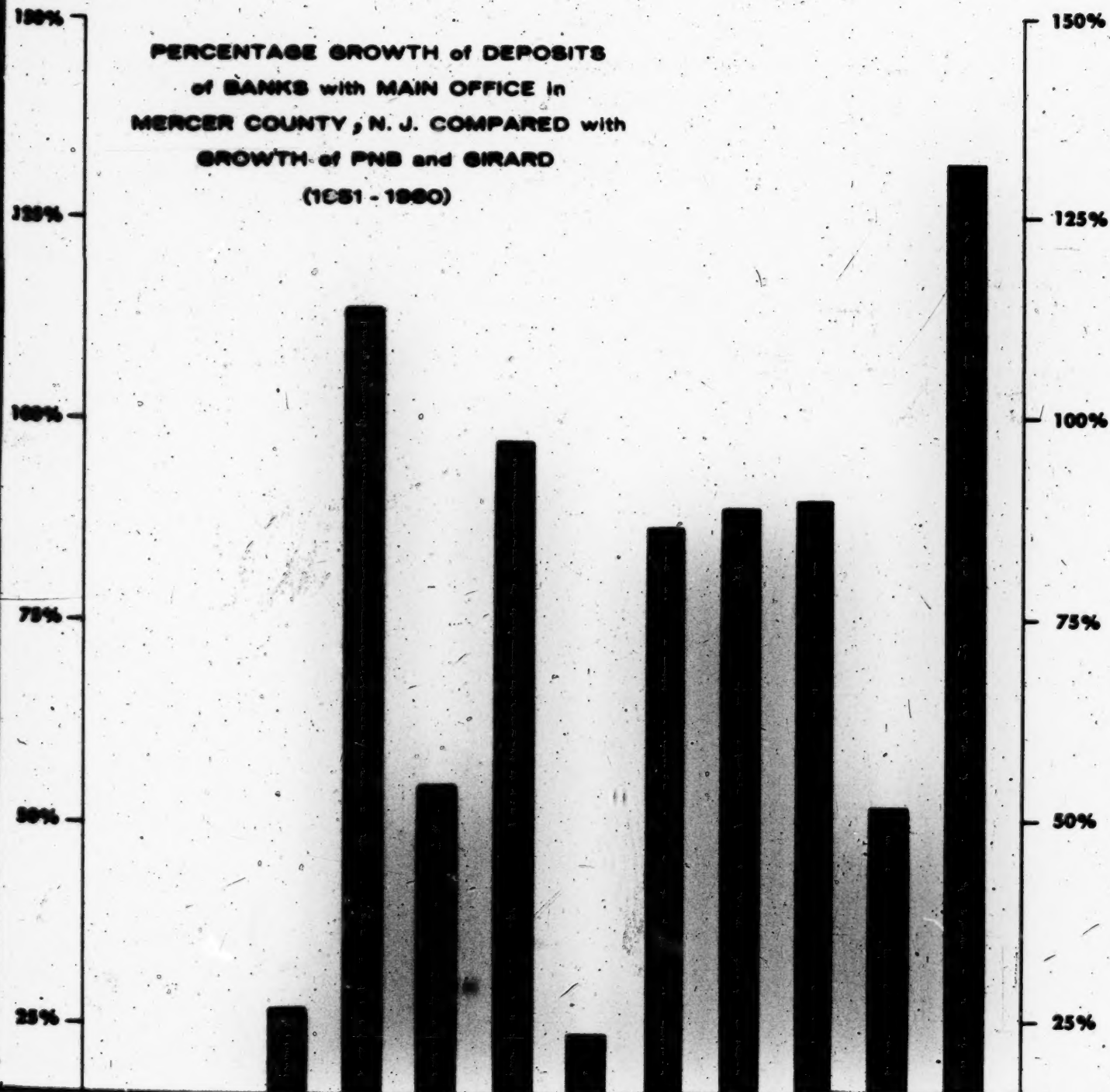
[fol. 6398]



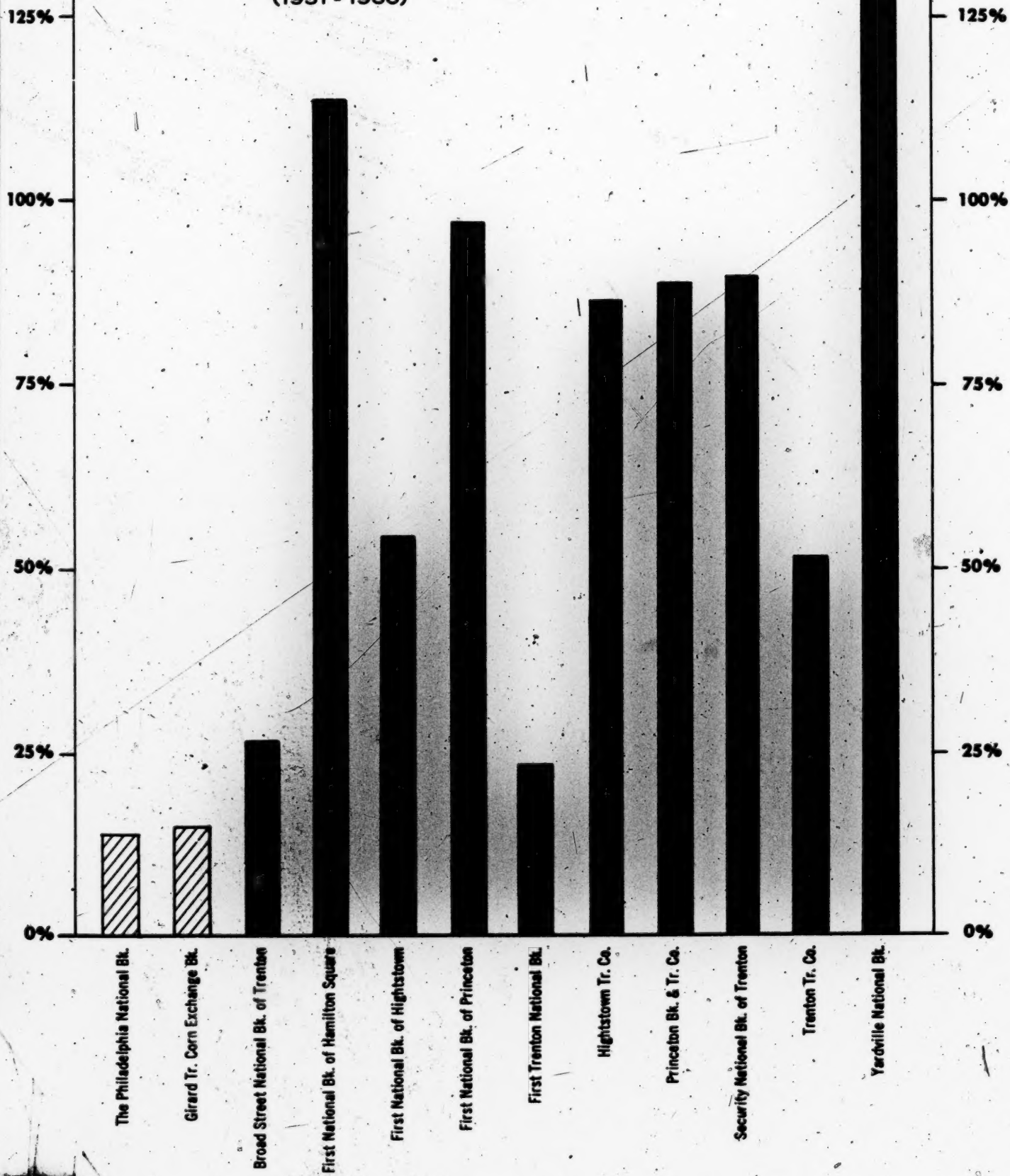


[fol. 6399]

**PERCENTAGE GROWTH of DEPOSITS  
of BANKS with MAIN OFFICE in  
MERCER COUNTY, N. J. COMPARED with  
GROWTH of PNB and GIRARD  
(1881 - 1960)**



(1951 - 1960)





[fol. 6400].

